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NFPA
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ECONOMICS MONTHLY

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MONTHLY STATISTICAL HIGHLIGHTS

Imports of softwood lumber from Canada fell 20.4 percent in August compared to July.

During the first eight months of 1986, exports of softwood lumber to Spain were up 71 percent, the highest increase to any customer country. Exports to the United Kingdom were a close second, with a 70 percent jump.

Shipments of structural panels are running 12.7 percent ahead of last year.

Consumption of hardwood lumber in the United States declined during the first eight months of 1986, down nearly 5 percent from last year.

Softwood lumber consumption through August was up 8.2 percent.

CANADIAN SOFTWOOD LUMBER DECISION WEIGHS IN

A little over a year ago, a group of U.S. producers banded together to lobby for government action on what they viewed as the major problem for U.S. producers -- growing imports of softwood lumber from Canada. After a well-organized legal attack by the Coalition for Fair Lumber Imports, the industry group that filed the petition, the Department of Commerce issued a preliminary countervailing duty decision on October 16. The Department imposed a countervailing duty of 15 percent, ruling that government policies in Canada provide a subsidy to its lumber industry. Administrative pricing practices for timber owned by the Provinces was the major source of subsidy found.

A final decision by the Department of Commerce on this case is expected on December 30. In the meantime, producers in Canada must post bonds or cash deposits with U.S. Customs before lumber can be shipped across the border. In accordance with U.S. trade law, Commerce will review the facts between now and the end of the year to see if the level of the duty should be raised, lowered or eliminated. They will send investigators to Canada and receive submissions of further evidence from both sides in the dispute.

The level of the duty could translate into about $400 million for the U.S. Treasury over the course of a year, assuming that imports continue to run at their current volume of 15 billion board feet. Less certain is how the duty will actually affect the volume of imports, and how it will impact U.S. producers and the overall U.S. lumber market. Classical economic theory suggests that the demand for imports in the U.S. should shift downward in response to an increased price. All other things being equal, the extent of that shift depends upon factors such as: the ability of the exporting producer to absorb lower profit margins, the supply response of domestic producers, and the impact price changes have on market demand. None of these factors is easily predictable given the dynamic nature of the lumber markets in North America.

All other things are never equal, and price swings in the softwood lumber market are not uncommon. During this year, the peak of $240 in the Random Lengths Composite price for softwood lumber occurred in mid-April, the low of $182 was reported in February, a difference of 32 percent. Moreover, imports of softwood lumber fell by 20 percent between July and August, apparently because of strikes in Canada. So it's too early to discern the full impact of the countervailing duty from other influences on the supply/demand for lumber. However, two weeks after the decision, the Random Lengths Composite Price was up about 5 percent.

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THE NFPA FORECAST -- GUARDED OPTIMISM FOR 1987

This year will mark another record year for wood products consumption (Table 1). Consumption of softwood lumber and structural panels will reach a record level for the third year in a row. This can be attributed to increases in all major market segments from housing to exports. Lower interest rates, more favorable exchange rates with European and Asian currencies, and higher real disposable income have been the drivers for activity in the wood products industry.

That's not to say that the economy in general has been growing as many economists would have hoped or expected. The growth in the GNP this year will be about 2.5 percent. The two segments of the economy responsible for the modest growth have been housing and consumer expenditures, particularly for automobiles. On the down side, the economy has been adversely affected by the double deficit -- the budgetary deficit and the trade deficit. The increase in the GNP expected by many economists during the second half of this year never materialized.

Tax Reform

Transition rules will go into effect next year for the new tax reform legislation enacted into law this month. There is some concern that the tax bill will slow economic growth in the near term because of the increased tax liability placed on corporations. The legislation is designed to shift about $20 billion of tax liability to corporations next year, thus making less money available in the corporate sector for capital investment, and in many cases, hampering cash flow.

The new system encourages consumption through reductions in individual tax liabilities. Six million lower income people will be removed from the tax rolls altogether, and higher income taxpayers will experience some reductions in taxes. The hope is that the increase in consumer demand caused by lower taxes will displace the negative impacts of the bill on corporate investment. The problem is that increased consumption doesn't necessarily mean increased purchases of American-made products; much of the economic benefits of lower taxes may fall to foreign suppliers.

Elements of Wood Products Demand

The major market for wood products -- new housing -- is benefitting from a combination of factors including demographics, lower interest rates, and deregulation of financial institutions. And housing should continue to be strong for the next several years due to these factors. Moreover, the changes in the tax code make housing a preferential investment.

The rapid pace of housing construction slowed in the third quarter this year, at least partly as a result of the high inventory of unsold homes (7.3 month supply). Nevertheless, housing starts should finish the year at close to 1.87 million units, 11 percent ahead of last year.

It is doubtful that starts in 1987 will be as strong as they have been this year, so NFPA's forecast for 1987 is for a housing start level of 1.7 million. The decline will be mainly in the multi-family category. States such as Texas and Louisiana, with energy dependent economies, will lag behind the rest of the country in terms of housing starts; currently, they have record backlogs of unsold homes.

Another major booming market for wood products is additions and

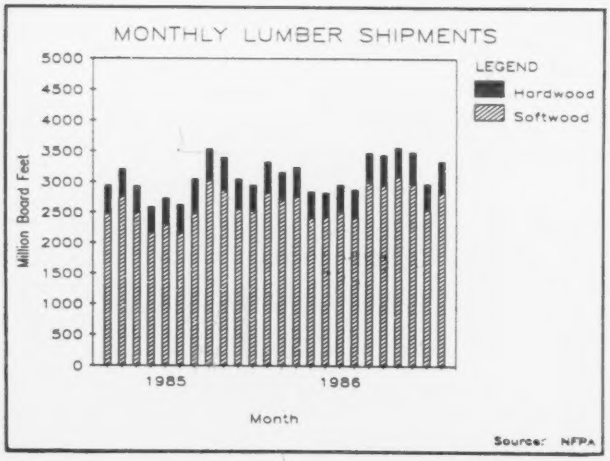
ECONOMICS MONTHLY

MONTHLY STATISTICAL SUPPLEMENT

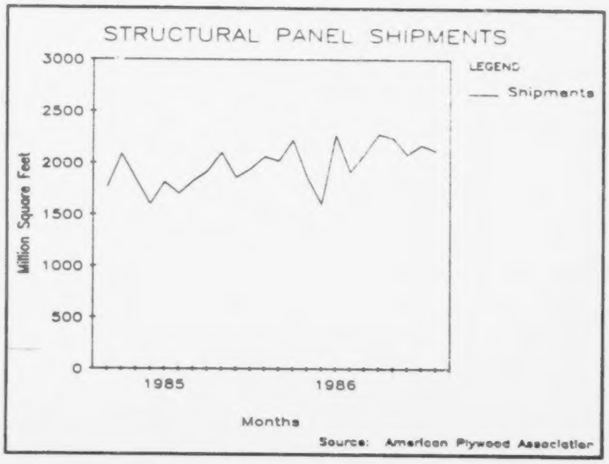
Issued: October 1986

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	AUGUST 1986			AUGUST 31, 1986	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER		(Million Board Feet)			
Southern Pine Region	919	891	790	634	1,895
Douglas Fir Region	748	696	754	580	857
Western Pine Region	972	943	986	510	1,302
California Redwood Region	172	174	164	91	369
Other Softwoods	144	138	138	252	299
TOTAL SOFTWOODS	2,955	2,842	2,832	2,067	4,722
% Change - July 1986	5.7%	0.5%	-3.2%	-0.5%	2.5%
% Change - August 1985	4.3%	0.0%	0.6%	4.9%	0.8%
HARDWOOD LUMBER					
Southern Hardwood Region	227	234	228	264	870
Appalachian Hardwood Reg.	58	60	61	*	*
Other Hardwoods	201	208	205	196	892
TOTAL HARDWOODS	486	502	494	460	1,762
% Change - July 1986	7.8%	13.3%	13.3%	-1.6%	-0.9%
% Change - August 1985	-8.0%	-2.3%	-3.9%	9.5%	4.0%
TOTAL LUMBER	3,441	3,344	3,326	2,527	6,484
% Change - July 1986	6.0%	2.2%	-1.1%	-0.7%	1.5%
% Change - August 1985	2.3%	-0.3%	-0.1%	5.7%	1.6%
* Included in Other Hardwoods					
FLOORING		(Thousand Feet)			
Oak Flooring (Bd. Ft.)	NA	12,584	NA	9,192	4,316
Maple Flooring (Sq. Ft.)	983	1,085	968	3,924	1,755
STRUCTURAL PANELS (Sq. Ft.)	2,119,499	2,119,435	2,178,773	838,743	367,000
% Change - July 1986	-2.2%	-2.6%	2.5%	7.6%	0.0%
% Change - August 1985	4.0%	2.7%	14.3%	-3.4%	15.8%


MONTHLY LUMBER SHIPMENTS

Source: NFPA


STRUCTURAL PANEL SHIPMENTS

Source: American Plywood Association

YEAR-TO-DATE INDICATORS

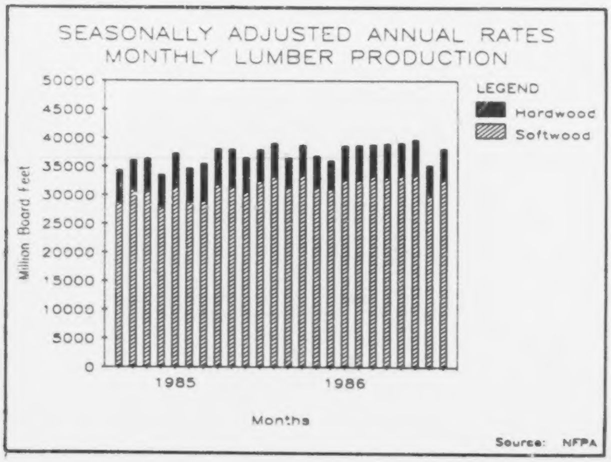
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	8 mos.'86	8 mos.'85	8 mos.'86	8 mos.'85	8 mos.'86	8 mos.'85
	(Million Board Feet)					
TOTAL LUMBER	26,801	6.9%	26,801	7.9%	26,953	7.9%
TOTAL SOFTWOOD	22,819	9.3%	22,862	10.0%	22,947	9.9%
TOTAL HARDWOOD	3,982	-5.2%	3,939	-3.1%	4,006	-2.2%
	(Million Square Feet)					
STRUCTURAL PANELS	17,236	12.3%	17,185	12.7%	17,094	12.6%

SEASONALLY ADJUSTED ANNUAL RATES

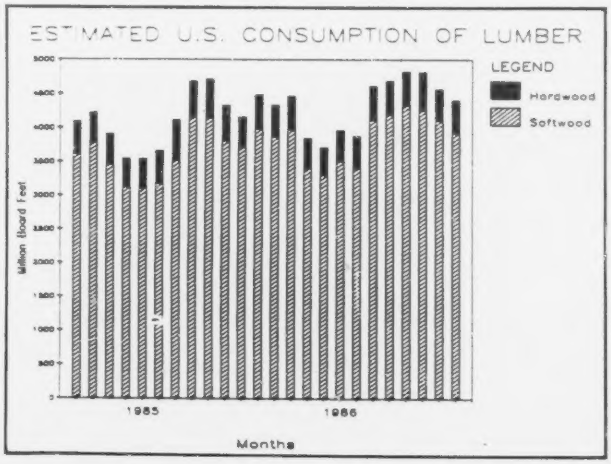
	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	August '86	July '86	August '85	August '86	July '86	August '85
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	10,453	-13.8%	-4.5%	10,503	-15.5%	-0.7%
Douglas Fir	8,610	20.0%	7.9%	7,844	6.7%	-3.5%
Western Pine	10,200	-1.6%	-6.7%	10,050	-1.4%	-5.2%
Calif. Redwood	1,888	-5.3%	-1.5%	1,970	6.0%	2.7%
Other Softwoods	1,578	-2.3%	-0.9%	1,530	-6.2%	-3.4%
TOTAL SOFTWOODS	32,729	-1.7%	-1.9%	31,896	-4.7%	-2.8%
TOTAL HARDWOODS	5,482	3.3%	-10.0%	5,747	3.8%	-3.9%
TOTAL LUMBER	38,212	-1.0%	-3.2%	37,643	-3.5%	-3.0%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	August '86	July '86	August '85	8 mos.'86	8 mos.'85
		(Million Board Feet)			
Total Consumption	4,408	-5.9%	-1.7%	35,931	6.6%
Softwood Consumption	3,931	-7.6%	-1.5%	32,075	8.2%
Hardwood Consumption	477	10.6%	-3.4%	3,856	-4.8%



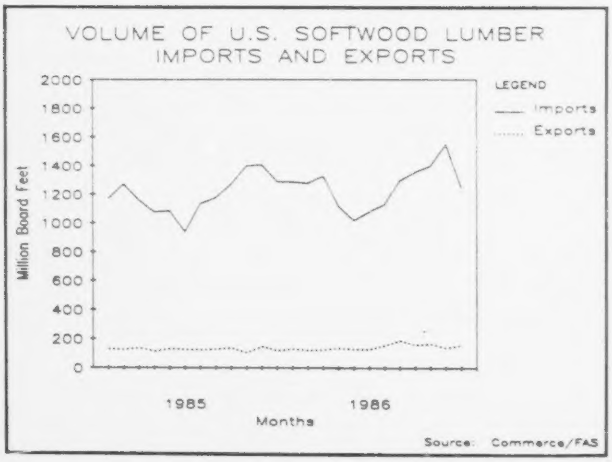
Source: NFPA



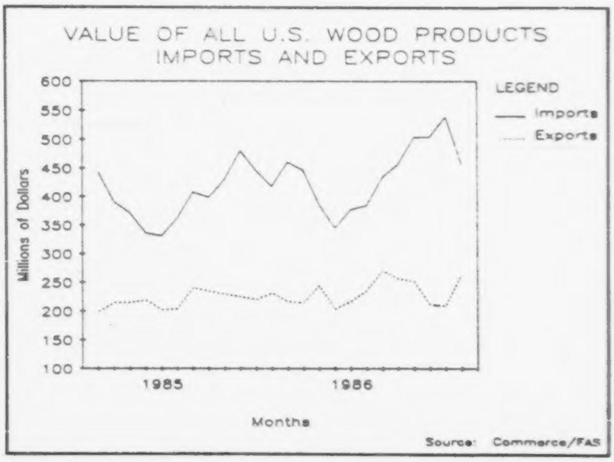
INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		August '86	8 mo. 1986	% Change From July '86	% Change From 8 mo. 1985	Aug. '86	8 mo. 1986	% Change From July '86	% Change From 8 mo. 1985
EXPORTS									
SOFTWOOD LUMBER	MMBF	156.4	1,223.3	13.2%	21.3%	53,617	408,455	18.3%	23.0%
To Canada	MMBF	37.0	245.6	24.1%	21.9%	8,980	60,548	22.7%	19.3%
SOFTWOOD LOGS	MMBF	328.1	2,226.3	46.5%	-11.1%	109,466	722,861	48.8%	-8.4%
SOFTWOOD PLYWOOD	MMSF 3/8"	29.0	361.6	-15.7%	79.5%	6,274	78,121	-17.0%	62.7%
HARDWOOD LUMBER	MMBF	49.1	322.4	27.3%	22.1%	33,908	221,829	29.4%	34.8%
HARDWOOD LOGS	MMBF	4.5	74.8	-10.1%	-9.7%	3,777	68,725	-16.4%	4.0%
HARDWOOD VENEER	MMSFsurf	65.2	640.3	-41.3%	28.0%	6,296	50,641	-5.7%	26.7%
PARTICLEBOARD	MMSF 3/4"	12.3	105.6	-0.9%	48.0%	2,687	21,157	6.0%	48.3%
ALL OTHER		NA	NA	NA	NA	45,867	331,044	12.0%	3.6%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	262,852	1,910,628	26.0%	7.0%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,245.3	10,436.5	-20.4%	5.6%	266,543	2,180,951	-20.3%	11.6%
From Canada	MMBF	1,233.6	10,346.6	-20.4%	5.2%	263,222	2,159,962	-20.4%	11.1%
SOFTWOOD LOGS	MMBF	11.8	37.5	110.1%	-3.4%	1,083	4,034	56.5%	-61.7%
SOFTWOOD PLYWOOD	MMSF 3/8"	10.7	90.1	6.5%	65.9%	2,835	23,582	4.0%	77.4%
HARDWOOD LUMBER	MMBF	25.1	237.1	-8.4%	-6.9%	12,550	112,980	-9.4%	-10.6%
HARDWOOD LOGS	MMBF	5.2	19.0	79.0%	5.5%	448	2,872	-15.0%	14.0%
HARDWOOD VENEER	MMSFsurf	116.7	1,068.1	-15.8%	13.8%	7,976	75,224	-19.4%	10.3%
HARDWOOD PLYWOOD	MMSFsurf	277.2	2,607.6	-13.1%	12.0%	38,332	325,116	-2.5%	11.0%
HARDBOARD	MMSF 1/8"	74.7	618.6	2.6%	29.1%	4,819	39,301	-3.1%	14.9%
PARTICLEBOARD	MSF 3/4"	72.5	713.5	-31.4%	8.5%	10,504	96,472	-28.8%	8.7%
ALL OTHER		NA	NA	NA	NA	111,352	793,212	-5.7%	16.9%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	456,662	3,656,206	-15.3%	11.7%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.



Source: Commerce/FAS



Source: Commerce/FAS

VALUE OF NEW CONSTRUCTION

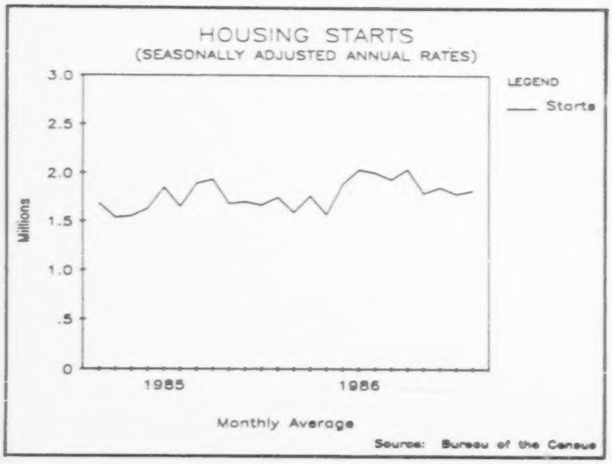
	CURRENT			YEAR-TO-DATE	
	Latest Month Available	---% Change From---		Latest Period Available	% Change From
	Aug. '86	July '86	Aug. '85	8 mo. '86	8 mo. '85
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	36.3	4.6%	12.6%	241.7	9.5%
Private	28.6	4.0%	12.0%	196.5	8.5%
Residential	17.1	4.9%	22.6%	110.6	14.7%
Nonresidential & Other	11.5	2.7%	0.0%	85.9	1.3%
Public	7.7	6.9%	14.8%	45.1	14.0%

HOUSING STARTS

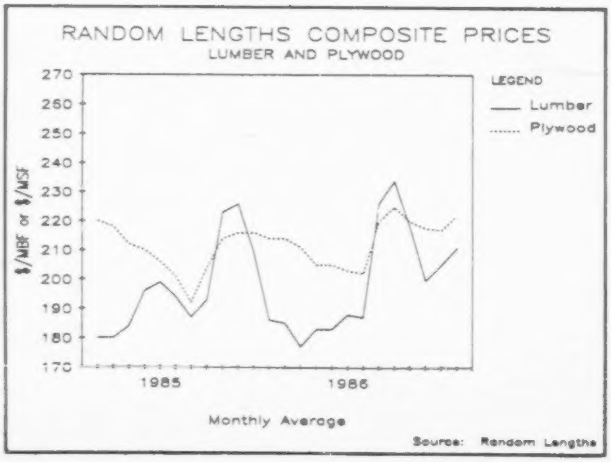
	Aug. '86	July '86	Aug. '85	8 mo. '86	8 mo. '85
	(Thousands of Units)				
NEW HOUSING UNITS STAPTED					
Total Private & Public	166.2	-3.5%	3.2%	1,270.8	7.8%
New Private Starts	166.2	-3.4%	3.4%	1,270.4	8.0%
Seas. Adj. Annual Rate	1818	2.0%	4.5%		
One-Family Housing Starts	110.8	-2.4%	11.4%	827.8	12.1%
Proportion of Total	66.7%			65.1%	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	21,600	6.4%	-22.0%	166,800	-13.8%

INDUSTRY EMPLOYMENT

		----% Change From---	
	Aug. '86	July '86	Aug. '85
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	100,261	0.2%	2.3%
All Manufacturing Industries	19,122	0.0%	-1.2%
Lumber and Wood Products	729	0.7%	4.1%
Furniture and Fixtures	499	0.2%	0.0%



Source: Bureau of the Census



Source: Random Lengths

repairs. The same combination of factors contributing to new housing has spurred the remodeling market as well. Approximately 27 percent of U.S. lumber demand is generated through additions and repairs. We expect this market to continue to grow. The availability of treated lumber products and the growth in Do-It-Yourself (DIY) products and distribution is evidence of this trend.

Finally, exports of U.S. wood products are projected to grow next year, for the second year in a row. Aggressive industry trade and marketing programs are bearing fruit in Asia and Europe. Exports of wood products are up dramatically this year, having benefited from the decline of the U.S. dollar. The total value of wood products exports should total $2.9 billion in 1986, up 8 percent from last year. Softwood lumber exports are up 22 percent in volume; softwood plywood exports are up 75 percent. Japan and European countries accounted for some of the biggest increases in U.S. softwood lumber purchases. Exports to Spain, England, and West Germany accounted for the highest increases over last year.

In contrast to the finished goods, exports of softwood logs actually fell during the first eight months of the year, down 11 percent. This is largely attributable to lower softwood log exports to China due to a shortage of foreign exchange, although Japan and other Pacific Rim countries have also lowered their purchases of logs.

The outlook for 1987 assumes a continuing benefit to U.S. producers from favorable exchange rates. This, coupled with continued growth in the major customers' economies, should translate to further increases for U.S. exports. We expect exports next year to increase by at least 5 percent, barring any major changes in basic economic assumptions. But this trend will not be automatic or easy, since world competition is fierce.

THE 1987 FORECAST

	1985	1986 (Est.)	1987 Forecast
Single Family Housing Starts (000)	1,072.4	1,200.0	1,100.0
Multi-Family Housing Starts (000)	672.6	670.0	600.0
Mobile Home Shipments (000)	283.5	250.0	255.0
Other Construction (Billion 1977 $)	136.0	135.9	120.0
Industrial Production Index (1977 = 100)	123.8	125.0	128.8
Furniture & Fixtures Index (1977 = 100)	139.7	146.0	150.0

	Softwood Lumber (Bil BF)	Hardwood Lumber (Bil BF)	Struct. Panels (Bil SF)	Particle-board & MDF (Bil SF)
1985 U.S. CONSUMPTION	44.2	5.8	22.6	4.0
- Imports	14.6	0.3	-	0.6
+ Exports	1.6	0.5	0.4	0.1
= SHIPMENTS	31.2	6.0	23.0	3.5
+/- Inventory Change	0.1	-	0.1	(0.2)
= PRODUCTION	31.3	6.0	23.1	3.3
1986 U.S. CONSUMPTION (Est.)	46.9	5.7	25.2	3.8
- Imports	15.2	0.3	-	0.5
+ Exports	1.8	0.5	0.6	0.2
= SHIPMENTS	33.5	5.9	25.8	3.4
+/- Inventory Change	(0.1)	0.1	-	-
= PRODUCTION	33.4	6.0	25.8	3.4
1987 FORECAST				
U.S. CONSUMPTION	44.5	5.6	22.4	4.0
- Imports	14.2	0.3	-	0.5
+ Exports	2.0	0.4	0.7	0.3
= SHIPMENTS	32.3	5.7	23.1	3.8
+/- Inventory Change	(0.1)	-	-	-
= PRODUCTION	32.2	5.7	23.1	3.8

Table 1:

The Bottom Line

The NFPA forecast for softwood lumber consumption in 1987 of 44.5 billion board feet is heavily predicated on the housing assumption. Less certain, but included in the forecast, is a 5 percent overall reduction in Canadian imports. Performance (earnings) of wood products companies should be enhanced in the coming year as a result, even though production will probably decline modestly. Other factors influencing the industry during the upcoming year include: the impacts of tax reform, wood supply, and favorable export opportunities.

CORRECTION

The state by state production table included in the August issue of The Monthly contained some errors. A corrected table follows.

U.S. LUMBER PRODUCTION BY STATE
1983 - 1985

	1985 RANK	TOTAL LUMBER			SOFTWOODS			HARDWOODS		
		1985	1984	1983	1985	1984	1983	1985	1984	1983
TOTAL U.S.		37,352	37,436	35,370	31,321	31,174	29,726	6,031	6,262	5,644
Oregon	1	7,252	7,243	6,632	7,211	7,202	6,579	41	41	53
California	2	4,183	3,906	3,600	4,168	3,891	3,574	15	15	26
Washington	3	3,563	3,841	3,951	3,419	3,697	3,821	144	144	130
Georgia	4	1,987	2,072	1,996	1,822	1,900	1,769	165	172	227
Alabama	5	1,873	1,772	1,551	1,539	1,439	1,308	334	333	243
Idaho	6	1,676	1,687	1,660	1,676	1,686	1,657	N	1	3
Mississippi	7	1,659	1,655	1,598	1,311	1,317	1,287	348	338	311
North Carolina	8	1,467	1,389	1,491	1,101	1,006	1,125	366	383	366
Montana	9	1,445	1,387	1,316	1,445	1,387	1,316	N	N	N
Arkansas	10	1,428	1,453	1,368	1,192	1,248	1,139	236	205	229
South Carolina	11	1,219	1,212	1,137	1,045	1,020	956	174	192	181
Texas	12	1,038	1,033	796	908	921	732	130	112	64
Maine	13	867	863	952	760	755	810	107	108	142
Virginia	14	842	852	803	424	431	445	418	421	358
Florida	15	665	656	576	638	624	553	27	32	23
Louisiana	16	554	604	691	439	450	562	115	154	129
Tennessee	17	482	507	342	129	120	104	353	387	238
Pennsylvania	18	428	437	415	16	15	16	412	422	399
Indiana	19	415	399	367	4	8	8	411	391	359
Wisconsin	20	398	385	312	80	83	79	318	302	233
Arizona	21	361	385	337	361	384	337	N	1	N
West Virginia	22	338	389	280	5	5	7	333	384	273
New York	23	302	346	364	76	93	88	226	253	276
Ohio	24	254	242	256	1	1	7	253	241	249
Kentucky	25	249	281	261	3	8	8	246	273	253
Michigan	26	219	246	234	33	26	24	186	220	210
Oklahoma	27	219	235	221	173	183	185	46	52	36
South Dakota	28	219	192	178	219	192	178	N	N	N
Missouri	29	199	217	164	14	13	14	185	204	150
New Mexico	30	185	172	191	185	172	191	N	N	N
Wyoming	31	182	174	171	182	173	171	N	1	N
New Hampshire	32	171	146	136	141	121	111	30	25	25
Minnesota	33	162	162	189	67	60	63	95	102	126
Del., Md.	34	137	149	113	68	63	59	69	86	54
Alaska, Hawaii	35	136	155	160	136	155	160	N	N	N
Colorado	36	129	134	123	129	134	123	N	N	N
Vermont	37	113	101	85	67	64	49	46	37	36
Massachusetts	38	78	95	98	44	45	48	34	50	50
Nevada, Utah	39	73	67	55	73	67	55	N	N	N
Illinois	40	64	73	57	N	N	N	64	73	57
Conn., Rhode Is	41	62	58	47	12	11	2	50	47	45
Iowa	42	31	27	47	1	N	1	30	27	46
Kansas, Neb.	43	20	26	21	1	1	4	19	25	17
New Jersey	44	7	11	10	1	1	N	6	10	10

N = Negligible.

Source: Dept. of Commerce; Western Wood Products Association; National Forest Products Association

12/15/86 A 7870-3

NFPA
AN ECONOMICS BULLETIN OF THE FOREST PRODUCTS INDUSTRY

ECONOMICS MONTHLY

Volume II Number 11 November, 1986

MONTHLY STATISTICAL HIGHLIGHTS

The average effective rate of all mortgage loans closed in the U.S. dropped to 9.98 percent in October, the lowest since late 1978. The ARM share of new mortgages has fallen from 50 percent a year ago to 21 percent.

The Bureau of Labor Statistics reports that productivity by sawmills and planing mills increased by 2.8 percent in 1985. This compares with 4.4 percent for all manufacturing.

Hardwood lumber production in September was up 10.7 percent from August; new orders were up 16.7 percent.

During the first nine months of the year, softwood log exports were down 10.4 percent.

INDIA -- THE GREAT SUBCONTINENT AND A NEW U.S. MARKET

Three factors must come together to make a potential wood products customer country. First, the country must be experiencing rapid economic development, stimulating construction and creating a reserve of foreign exchange to be used for purchases. Second, demand for housing must be strong. A corollary to this would be a cultural openness to wood framed housing. Finally, the country's domestic resources must be insufficient to meet rising wood products demand in the country. Japan has fit this criteria well during the past several years. China also fit this model and was the subject of a special report in the September issue of the Economics Monthly. Another potential customer country attracting new interest is India.

Earlier this year, the National Forest Products Association, in conjunction with the Foreign Agricultural Service of USDA, sponsored a trade mission to India. Its purpose was to explore India's potential as a marketplace for U.S. wood products. The team of industry representatives learned that India's wood needs are large and growing, at the same time that its indigenous resource is declining.

India's population of 750 million is the second largest in the world, and is growing at a rate of 15 million persons per year. Per capita GNP is about $240, with half the population living well below the poverty line. However, the large percentage of poor people conceals a small but growing middle class. By one estimate, the middle class, concentrated in the urban areas, accounts for over 40 percent of India's GNP.

Trade with the U.S.

India's trade has been growing at a substantial rate. Currently,

Table I:
The U.S. imports mostly wood moldings and carvings from India.

TOP WOOD PRODUCTS TRADED WITH INDIA
Value, Millions of Dollars

	9 Mos. '86
U.S. IMPORTS	
Molding	$1,950
Hardwood Veneer	$1,194
Hardwood Plywood	$1,004
Hardwood Lumber	$437
TOTAL WOOD PRODUCTS IMPORTS	$2,915
U.S. EXPORTS	
Softwood Lumber	$308
Softwood Veneer	$134
Hardwood Lumber	$44
TOTAL WOOD PRODUCTS EXPORTS	$848

Source: Dept. of Commerce

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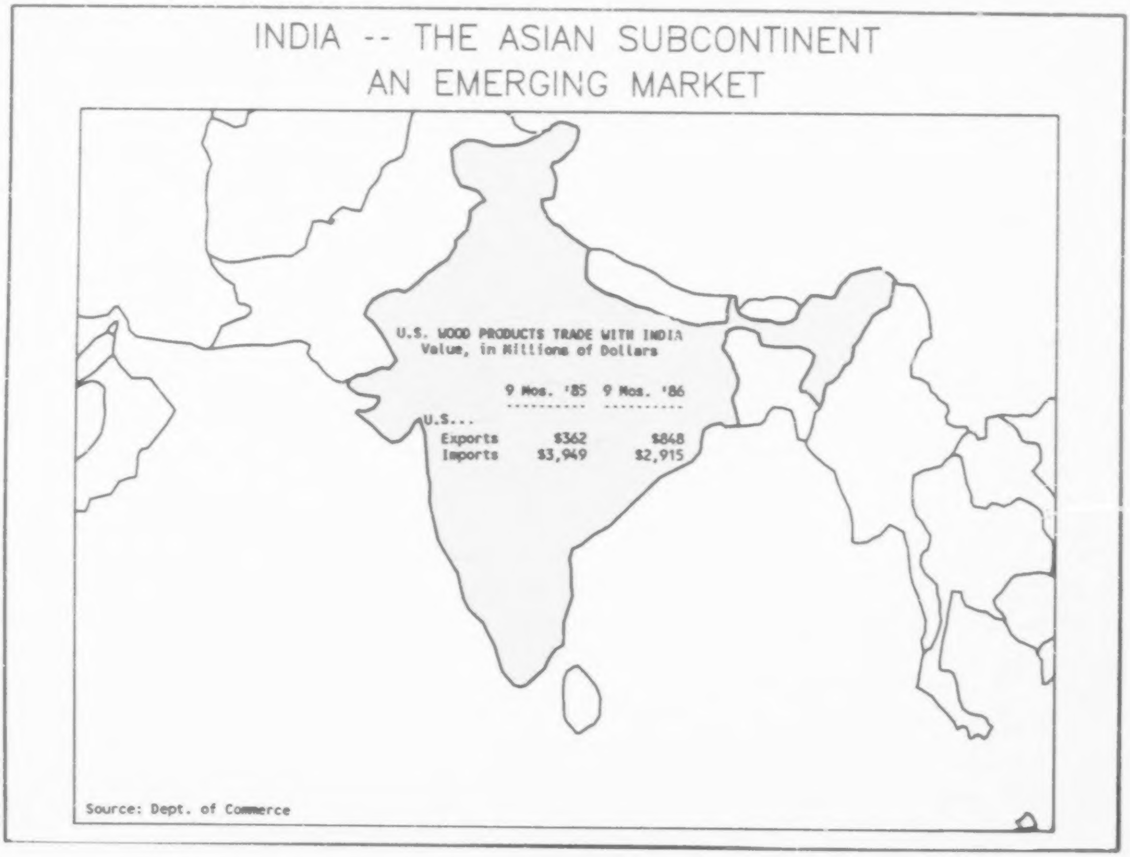
its trade is significantly out of balance; imports exceeded exports by $5.3 billion during the past fiscal year. Because of International Monetary Fund loans and other foreign financial inputs, India's current account balance was positive and its foreign exchange reserves stood at $6.0 billion at the end of March, 1986. Nonetheless, the trade balance and foreign exchange availability are major variables that can impact imports by leading to actions to restrict them.

Overall, the U.S. exported $1.5 billion of products to India last year, or about 10 percent of all Indian imports. U.S. wood products accounted for only about $400,000 of that amount. In contrast, India's exports to the U.S. come to about $2.5 billion, or 26 percent of its total exports. (Figure 1.) The U.S. imported about $5 million of wood products from India, mainly wood carvings, plywood and some veneer (Table I).

Until recently imports of wood into the country have been nearly non-existent, but they are starting to flow because of a sharp cut in tariffs (from 100 percent to 10 percent on logs, lumber and veneer) and the elimination of import permit requirements. Housing construction is high, about 2 million units per year, but does not fulfill the tremendous need. Although wood is not a predominant building material used in housing, it is important for single family units in some areas. The primary usage at the present is for doors, window frames, flooring, panelling, partitions and built-ins.

Figure 1: Rising exports to and falling imports from India signal the market opportunity.



INDIA -- THE ASIAN SUBCONTINENT
AN EMERGING MARKET

U.S. WOOD PRODUCTS TRADE WITH INDIA
Value, in Millions of Dollars

	9 Mos. '85	9 Mos. '86
U.S...		
Exports	$362	$848
Imports	$3,949	$2,915

Source: Dept. of Commerce

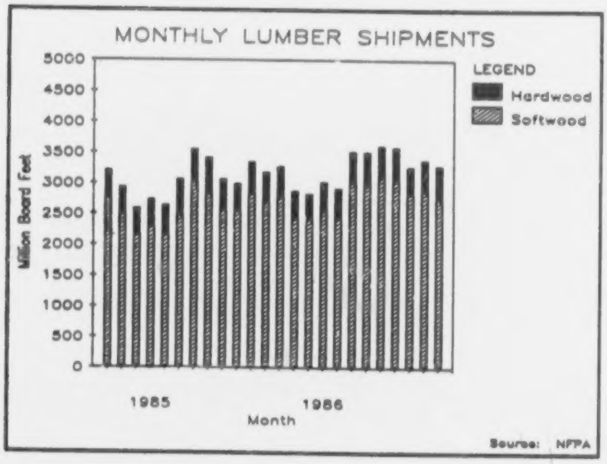
ECONOMICS MONTHLY

MONTHLY STATISTICAL SUPPLEMENT

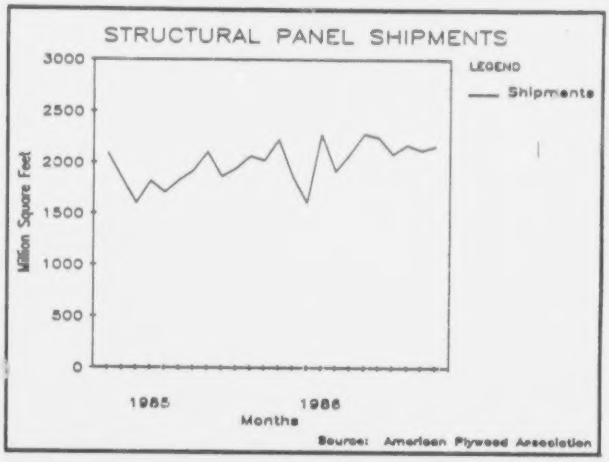
Issued: November 1986

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	SEPTEMBER 1986			SEPTEMBER 30, 1986	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER		(Million Board Feet)			
Southern Pine Region	676	676	703	657	1,897
Douglas Fir Region	873	793	810	597	937
Western Pine Region	1,007	986	993	517	1,323
California Redwood Region	164	153	149	87	380
Other Softwoods	139	133	136	252	303
TOTAL SOFTWOODS	2,859	2,741	2,791	2,110	4,840
% Change - August 1986	-4.6%	-4.9%	-2.7%	2.4%	2.5%
% Change - September 1985	4.2%	0.6%	1.0%	5.0%	2.8%
HARDWOOD LUMBER					
Southern Hardwood Region	221	225	233	272	866
Appalachian Hardwood Reg.	94	97	104	*	*
Other Hardwoods	223	228	239	214	884
TOTAL HARDWOODS	538	550	576	486	1,750
% Change - August 1986	10.7%	9.6%	16.6%	5.7%	-0.7%
% Change - September 1985	13.3%	19.6%	29.1%	19.7%	2.4%
TOTAL LUMBER	3,397	3,291	3,367	2,596	6,590
% Change - August 1986	-2.5%	-2.8%	0.1%	3.0%	1.6%
% Change - September 1985	5.5%	3.4%	4.9%	7.5%	2.7%
* Included in Other Hardwoods					
FLOORING		(Thousand Feet)			
Oak Flooring (Bd. Ft.)	NA	12,734	NA	8,266	5,262
Maple Flooring (Sq. Ft.)	824	1,032	952	3,901	1,670
STRUCTURAL PANELS (Sq. Ft.)	2,209,272	2,161,191	2,161,191	1,023,869	408,000
% Change - August 1986	4.2%	2.0%	-0.8%	22.1%	13.3%
% Change - September 1985	11.7%	6.9%	-2.2%	49.8%	27.0%



Source: NFPA



Source: American Plywood Association

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YEAR-TO-DATE INDICATORS

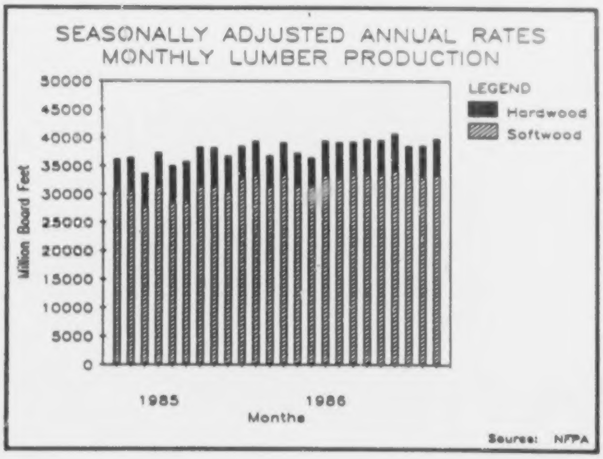
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	9 mos.'86	9 mos.'85	9 mos.'86	9 mos.'85	9 mos.'86	9 mos.'85
			(Million Board Feet)			
TOTAL LUMBER	30,246	6.9%	30,140	7.5%	30,361	7.7%
TOTAL SOFTWOOD	25,726	8.9%	25,651	9.1%	25,779	9.1%
TOTAL HARDWOOD	4,520	-3.3%	4,489	-0.8%	4,582	0.8%
			(Million Square Feet)			
STRUCTURAL PANELS	19,446	12.3%	19,346	12.1%	19,255	10.7%

SEASONALLY ADJUSTED ANNUAL RATES

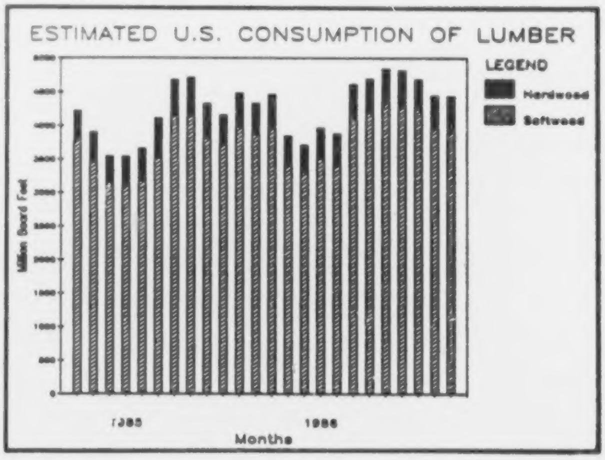
	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	Sep. '86	Aug. '86	Sep. '85	Sep. '86	Aug. '86	Sep. '85
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	8,322	-23.8%	-24.1%	8,258	-24.7%	-25.7%
Douglas Fir	9,998	16.1%	21.7%	9,539	21.6%	15.4%
Western Pine	11,709	14.8%	30.6%	11,485	14.3%	29.6%
Calif. Redwood	1,958	3.7%	10.5%	1,928	-2.1%	17.4%
Other Softwoods	1,625	1.6%	8.0%	1,592	2.6%	5.4%
TOTAL SOFTWOODS	33,612	1.2%	7.0%	32,802	1.3%	4.5%
TOTAL HARDWOODS	6,299	14.9%	16.0%	6,632	15.4%	23.1%
TOTAL LUMBER	39,911	3.1%	8.3%	39,434	3.4%	7.2%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	Sep. '86	Aug. '86	Sep. '85	9 mos.'86	9 mos.'85
			(Million Board Feet)		
Total Consumption	4,444	-0.1%	2.5%	40,423	6.3%
Softwood Consumption	3,917	-1.4%	1.0%	36,041	7.5%
Hardwood Consumption	526	10.3%	14.6%	4,382	-2.9%



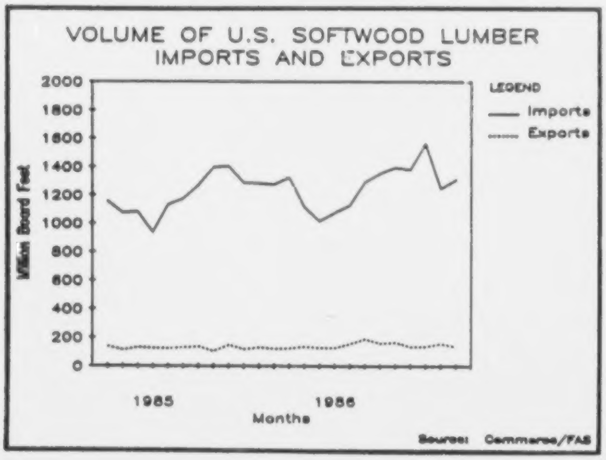
Source: NFPA



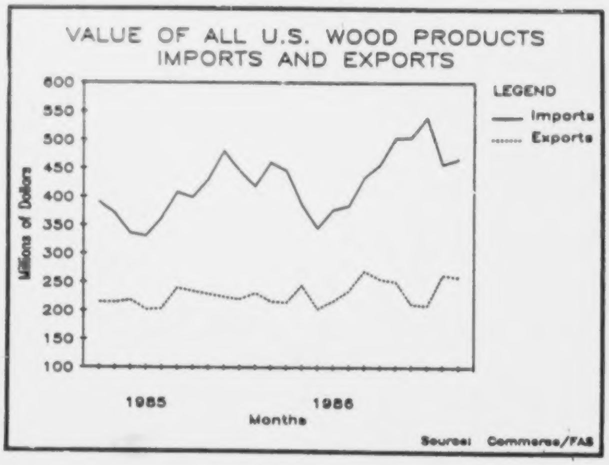
INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		Sep. '86	9 mo. 1986	% Change From Aug. '86	% Change From 9 mo. 1985	Sep. '86	9 mo. 1986	% Change From Aug. '86	% Change From 9 mo 1985
EXPORTS									
SOFTWOOD LUMBER	MMBF	133.2	1,356.5	-14.8%	20.2%	46,452	454,907	-13.4%	22.7%
To Canada	MMBF	35.0	280.6	-5.4%	23.1%	8,844	69,392	-1.5%	21.0%
SOFTWOOD LOGS	MMBF	307.1	2,533.3	-6.4%	-10.4%	98,867	821,728	-9.7%	-7.4%
SOFTWOOD PLYWOOD	MMSF 3/8"	47.2	408.9	62.7%	85.2%	10,456	88,577	66.7%	69.8%
HARDWOOD LUMBER	MMBF	47.4	369.8	-3.4%	24.8%	27,675	249,504	-18.4%	35.5%
HARDWOOD LOGS	MMBF	3.6	78.4	-19.0%	-10.0%	2,750	71,475	-27.2%	3.8%
HARDWOOD VENEER	MMSFsurf	85.5	725.8	31.2%	26.9%	7,027	57,668	11.6%	25.9%
PARTICLEBOARD	MMSF 3/4"	12.7	118.3	4.0%	46.6%	2,684	23,841	-0.1%	46.9%
ALL OTHER		NA	NA	NA	NA	62,367	393,411	36.0%	8.4%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	258,973	2,169,601	-1.5%	8.4%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,309.6	11,746.1	5.2%	5.3%	286,203	2,467,154	7.4%	11.5%
From Canada	MMBF	1,300.9	11,647.5	5.5%	5.0%	283,877	2,443,839	7.8%	11.1%
SOFTWOOD LOGS	MMBF	4.6	42.0	-61.6%	-24.2%	651	4,685	-39.9%	-66.1%
SOFTWOOD PLYWOOD	MMSF 3/8"	10.0	100.0	-6.7%	55.3%	2,487	26,069	-12.3%	65.3%
HARDWOOD LUMBER	MMBF	23.2	260.3	-7.9%	-9.4%	12,675	125,655	1.0%	-13.0%
HARDWOOD LOGS	MMBF	2.2	21.1	-58.1%	14.4%	573	3,445	27.9%	30.5%
HARDWOOD VENEER	MMSFsurf	136.3	1,204.4	16.9%	14.2%	8,806	84,030	10.4%	9.4%
HARDWOOD PLYWOOD	MMSFsurf	281.2	2,888.9	1.5%	8.9%	36,082	361,198	-5.9%	7.7%
HARDBOARD	MMSF 1/8"	56.3	674.9	-24.6%	18.4%	4,519	43,820	-6.2%	11.9%
PARTICLEBOARD	MSF 3/4"	172.6	886.1	137.9%	18.1%	8,556	105,028	-18.5%	2.4%
ALL OTHER		NA	NA	NA	NA	105,317	898,529	-5.4%	14.1%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	466,075	4,122,281	2.1%	10.4%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.


VOLUME OF U.S. SOFTWOOD LUMBER IMPORTS AND EXPORTS

Source: Commerce/FAS


VALUE OF ALL U.S. WOOD PRODUCTS IMPORTS AND EXPORTS

Source: Commerce/FAS

VALUE OF NEW CONSTRUCTION

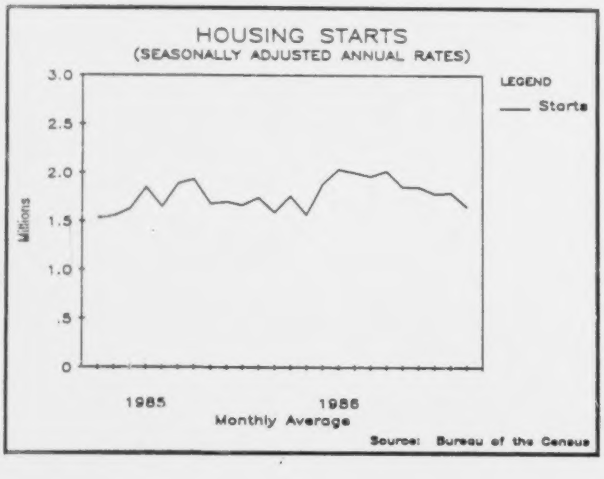
	CURRENT			YEAR-TO-DATE	
	Latest Month Available	---% Change From---		Latest Period Available	% Change From
	Sep. '86	Aug. '86	Sep. '85	9 mo. '86	9 mo. '85
		(Billions of Dollars)			
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	36.8	2.2%	12.8%	278.0	9.7%
Private	28.6	0.7%	10.9%	224.8	8.6%
Residential	16.8	-1.2%	20.6%	127.1	15.2%
Nonresidential & Other	11.8	3.5%	-0.8%	97.7	1.1%
Public	8.1	8.0%	18.6%	53.0	14.3%

HOUSING STARTS

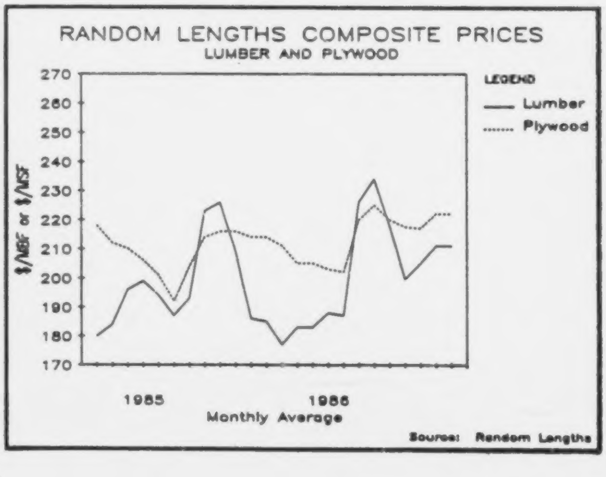
	Sep. '86	Aug. '86	Sep. '85	9 mo. '86	9 mo. '85
		(Thousands of Units)			
NEW HOUSING UNITS STARTED					
Total Private & Public	153.2	-6.5%	3.1%	1,421.6	7.1%
New Private Starts	152.9	-6.7%	3.5%	1,420.9	7.3%
Seas. Adj. Annual Rate	1652	-8.0%	2.2%		
One-Family Housing Starts	102.2	-6.6%	13.7%	928.6	12.1%
Proportion of Total	66.7%			65.3%	
		(Number of Units)			
SHIPMENTS OF MOBILE HOMES	21,500	-0.5%	-12.2%	188,300	-13.7%

INDUSTRY EMPLOYMENT

		----% Change From---	
	Sep. '86	Aug. '86	Sep. '85
		(Thousands of Employees)	
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	100,448	0.2%	2.4%
All Manufacturing Industries	19,099	-0.1%	-0.9%
Lumber and Wood Products	734	0.7%	4.6%
Furniture and Fixtures	500	0.2%	1.0%


HOUSING STARTS
(SEASONALLY ADJUSTED ANNUAL RATES)

Source: Bureau of the Census


RANDOM LENGTHS COMPOSITE PRICES
LUMBER AND PLYWOOD

Source: Random Lengths

India's Forest Resources are in Trouble

India's forest resources are being depleted rapidly. This is a cause of economic as well as environmental concern. According to dated official statistics, Indian forests cover 75 million hectares (185 million acres). Recent estimates, however, place the figure at closer to 44 million hectares (109 million acres), pointing to a tremendous loss in forestland.

The major cause of deforestation in India is cutting for fuelwood. Over 90 percent of the noncommercial energy consumed in India is from fuelwood, primarily used for cooking. The government has undertaken "social" forestry programs to produce fuelwood plantations and has begun restricting the commercial harvest on India's forests. As a consequence, many wood products mills are operating well below their capacity.

The Indian bureaucracy has evolved a bias against the use of wood in construction primarily because of the diminishing domestic supply. Governmental efforts have been directed toward discouraging use of wood. Architects are being conditioned to specify other materials. Hence, the mindset appears to be to use substitute construction materials as opposed to importing wood. Importing as a solution to India's wood needs has been overlooked.

India's Wood Industry

India's lumber industry is characterized by a very large, but inefficient sawmilling industry; a strong, fairly efficient plywood industry; and large numbers of small manufacturers of a variety of wood products. Approximately 4.7 billion board feet (11 million m^3) of lumber is produced annually. India has the seventh largest lumber-producing industry in the world, producing more than many industrialized countries. It ranks near Sweden in terms of its production.

India's domestic plywood industry is more organized. It has a capacity estimated to be 108 million m^2 among the 56 major mills. Nine particleboard plants, three hardboard plants and one MDF plant round out the panel industry in the country. Virtually all of India's production is used domestically. Exports have declined by half since 1980, a reflection of the diminishing resource. Of its remaining exports, decorative veneers are the most important. India's teak and rosewood are purchased mainly by Japan and Italy.

The Trade Opportunities

Opportunities for U.S. producers are beginning to surface. But penetration into the Indian market will require a well-organized and aggressive marketing strategy by individual companies as well as the industry as a whole. The major obstacles are:

- a shortage of foreign exchange and pressing needs for agricultural and industrial goods
- a bias against using wood, particularly in housing
- continuing high tariffs for certain products including plywood and particleboard
- poor infrastructure to market and distribute wood products
- high prices for U.S. products relative to other sources at the present
- political instability

The conclusions of the NFPA report stated clearly that much is still unknown or uncertain about the Indian market. But the prospects are bright, and many of the identified barriers can be overcome. The complete report with details about NFPA's trade mission, and a thorough market analysis on India, is available from NFPA's Publications Office (Contact Renee Browne at 202/463-2733).

PROSPECTS LOOKING UP FOR U.S. EXPORTS

A surge of exports during October narrowed the U.S. trade deficit to $12.06 billion, the lowest level since August, 1985, showing the first real indication that the decline of the dollar is having an impact on trade flows. The 10.3 percent increase in U.S. exports reported for the month

Table III:
Most softwood species have enjoyed increased exports.

TOTAL EXPORTS OF SOFTWOOD LUMBER
By Species, MMBF

	9 mos. 1986	9 mos. 1985	% Change 86 v'85
Douglas Fir	372,331	361,179	3%
Hemlock	366,488	262,898	39%
Ponderosa Pine	140,018	95,588	46%
Southern Yellow Pine	132,585	120,924	10%
Other Pine	104,668	83,403	25%
Other Fir	71,889	60,650	19%
Spruce	66,795	52,422	27%
Other Softwood	31,026	21,562	44%
Eastern White & Red Pine	25,436	28,743	-12%
Western Red Cedar	15,727	12,007	31%
Other Cedar	11,328	7,635	48%
Redwood	7,858	10,675	-26%

Source: NFPA; Dept. of Commerce

Table II:
Softwood lumber and plywood exports are up dramatically.

TOP CUSTOMER COUNTRIES FOR U.S. SOFTWOOD LUMBER AND PLYWOOD
RANKED BY RATE OF INCREASE

SOFTWOOD PLYWOOD (MSF)				SOFTWOOD LUMBER (MBF)			
	9 mos. 1986	9 mos. 1985	% Change 86 v'85		9 mos. 1986	9 mos. 1985	% Change 86 v'85
Denmark	74,220	13,157	464%	Spain	31,051	18,238	70%
Canada	41,612	17,719	135%	United Kingdom	34,432	20,894	65%
Netherlands	64,883	29,496	120%	West Germany	18,603	12,723	46%
West Germany	28,257	14,572	94%	Japan	554,587	415,810	33%
Fr. Pacific Isl.	6,681	4,137	61%	Canada	277,476	224,095	24%
United Kingdom	83,941	54,247	55%	Mexico	92,191	74,704	23%
Trinidad & Tobago	7,000	4,655	50%	Italy	68,144	56,265	21%
Belgium	48,409	35,199	38%				
Japan	6,649	4,912	35%				
All Countries	408,853	219,613	86%	All Countries	1,347,557	1,119,727	20%

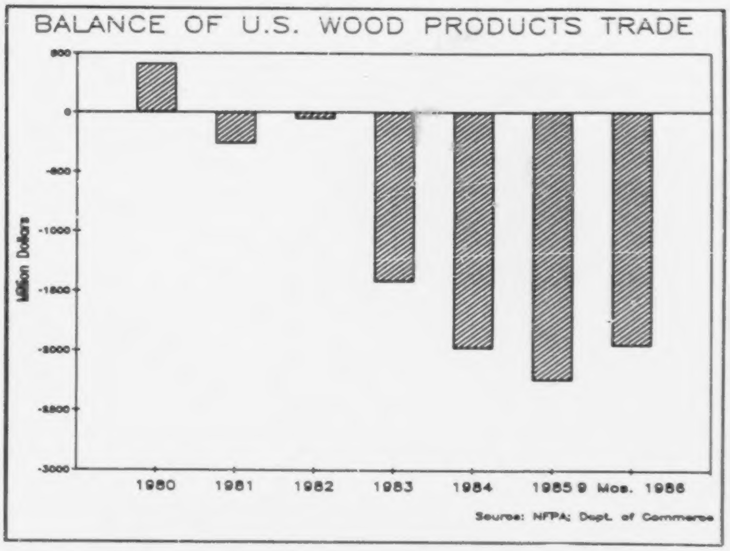
Source: NFPA; Dept. of Commerce

outpaced a 4.4 percent rise in imports, resulting in the declining deficit. The fact that the rise in exports was not at the expense of imports is a healthy sign for the manufacturing sector as well as the consuming segments of the economy. The only sobering aspect of the news was that the trade gap with Japan increased, apparently because of increased imports of Japanese autos.

For Wood Products...

The narrowing deficit has yet to work its way into wood products trade, where rising imports have more than offset increases in exports (Figure 2). The pattern through September shows the total dollar value of wood products exports are up a little over 8 percent this year, with imports up 10 percent. The good news is that exports of the major manufactured products are up dramatically, while exports of raw material -- logs and chips -- have declined. The plunge in exports of softwood logs and wood chips has disguised the surge in exports of finished products. Softwood logs and wood chips accounted for 50.2 percent of U.S. wood products exports in 1985. (Figure 3.) So far this year, the value of log (Figure 4) and chip exports has declined by 17.4 percent to $940 million. However, if you remove softwood logs and wood chips from the total and the value of wood product exports are up 27.4 percent over last year. Volumes are up as dramatically.

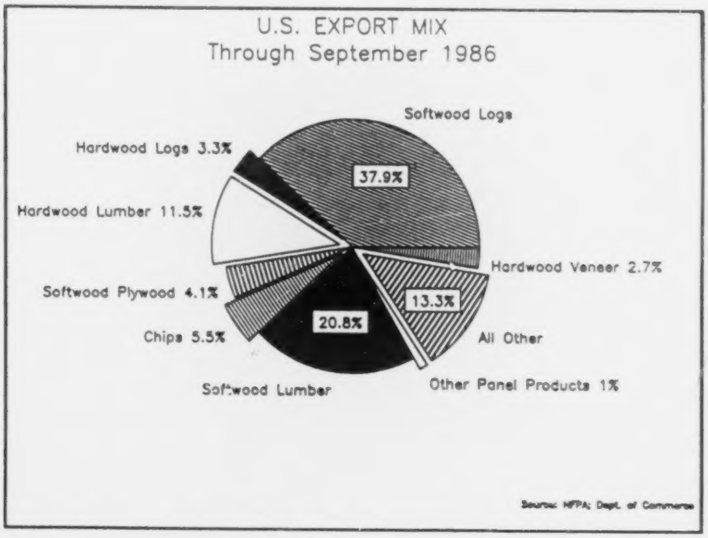
Exports of softwood lumber and plywood to Europe have been strong performers, increasing volume by 44 percent (Figure 5) and 108 percent respectively during the first nine months of the year. Sales to Europe have led the increase. Tables I and II detail the softwood lumber export picture by customer country and species.



Source: NFPA; Dept. of Commerce

Figure 2: Imports have outpaced exports every year since 1980.

The trade balance in wood products has vacillated from a record surplus of $414 million in 1980 to a record deficit of $2.2 billion in 1985. Nearly a year and a half since the dollar began its decline, expectations for rising exports are beginning to be realized. Industry promotion programs have been set in place overseas, and many companies are reporting increased activity among prospective



Source: NFPA; Dept. of Commerce

Figure 3: Softwood logs and wood chips account for over half of exports so far this year.

buyers. Much of the increased activity is from existing overseas markets, where exchange rate changes are having a favorable impact. But in order for wood products exports to really take off, and for the wood products trade deficit to return to a plus situation, new opportunities must be identified and captured. Some of the best prospects for overseas sales of wood products exist in countries which now import very little from the United States, and where organized industry trade programs can have a big payoff.

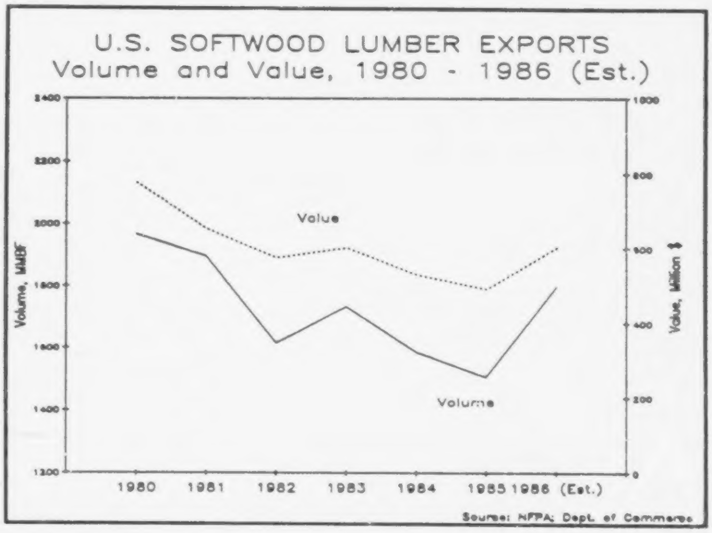


Figure 4:
Softwood lumber exports are beginning to reverse a downward trend.

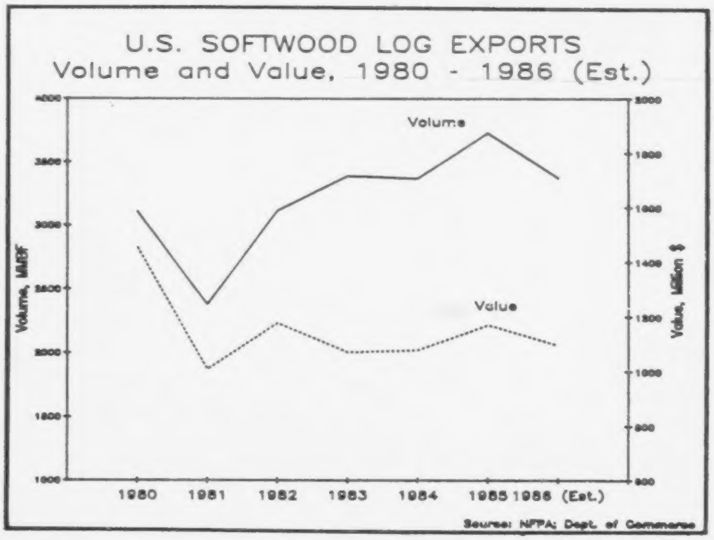


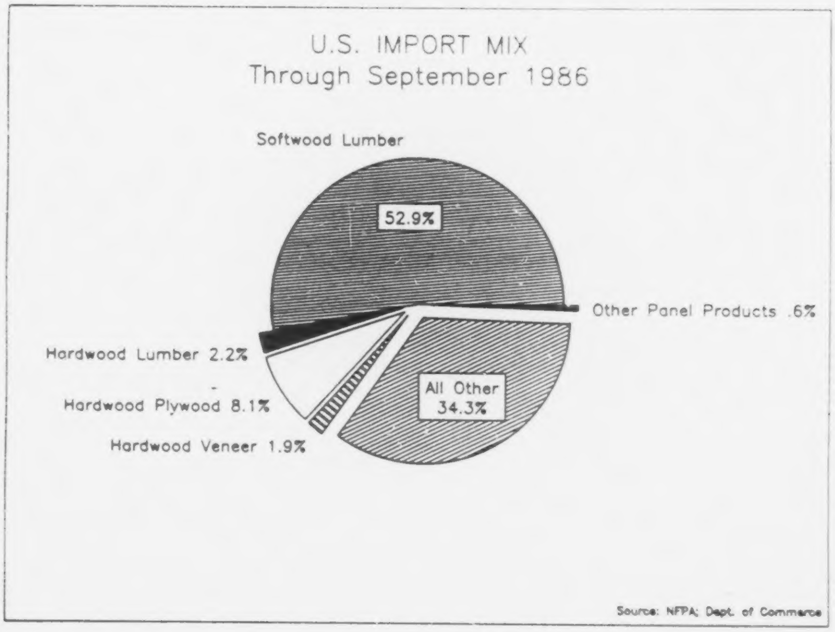
Figure 5:
Log exports are beginning to show a downward trend.

ECONOMICS MONTHLY

QUARTERLY STATISTICAL SUPPLEMENT

Issued: November, 1986

GRAPHICAL ABSTRACT



Source: NFPA; Dept. of Commerce

Softwood lumber accounts for the lion's share of U.S. wood products imports.

ESTIMATED REGIONAL SOURCES OF DOMESTIC LUMBER CONSUMPTION (Net Imports Allocated)

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
1976	7,641	12,069	10,820	1,981	3,575	36,086	3,054	3,387	6,441	42,527
1977	8,774	14,081	11,626	2,026	4.302	40,809	3,158	3,732	6,890	47,699
1978	9,096	15,133	11,559	1,849	5,003	42,640	3,242	3,755	6,997	49,637
1979	9,060	14,248	10,553	1,729	5,018	40,608	3,342	3,597	6,939	47,547
1980	7,757	11,461	8,509	1,563	4,542	33,832	3,028	3,244	6,272	40,104
1981	8,177	10,828	7,760	1,463	3,836	32,064	3,202	2,653	5,855	37,919
1982	8,232	10,381	7,316	1,327	3,917	31,173	2,031	3,066	5,098	36,270
1983	10,233	14,108	8,848	1,558	4,995	39,742	2.121	3,276	5,397	45,138
1984*										
1ST QUARTER	2,488	3,854	2,284	416	1,308	10,350	621	888	1,509	11,859
2ND QUARTER	2,727	3,965	2,564	425	1,405	11,085	610	948	1,558	12,643
3RD QUARTER	2,682	4,070	2,430	410	1,466	11,058	628	824	1,452	12,510
4TH QUARTER	2,505	3,782	2,329	393	1,355	10,363	600	718	1,317	11,681
TOTAL YEAR	10,402	15,672	9,606	1,643	5,534	42,857	2,459	3,377	5,836	48,693
1985*										
1ST QUARTER	2,367	3,747	2,017	378	1,310	9,818	631	872	1,503	11,321
2ND QUARTER	2,920	4,462	2,601	488	1,650	12,121	672	939	1,612	13,733
3RD QUARTER	2,700	4,240	2,684	429	1,535	11,590	618	779	1,397	12,986
4TH QUARTER	2,493	3,944	2,446	384	1,446	10,714	613	710	1,323	12,037
TOTAL YEAR	10,480	16,393	9,748	1,679	5,942	44,243	2,534	3,300	5,834	50,077
1986*										
1ST QUARTER	2,764	4,079	2,362	374	1,478	11,057	690	730	1,421	12,478
2ND QUARTER	2,971	4,733	2,837	558	1,737	12,836	657	869	1,526	14,362
3RD QUARTER	2,654	4,424	2,916	491	1,662	12,147	627	808	1,435	13,582
4TH QUARTER										
TOTAL YEAR	8,388	13,237	8,115	1,423	4,877	36,041	1,975	2,407	4,382	40,423

* SUBJECT TO REVISION
** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHERS.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

ESTIMATED REGIONAL LUMBER PRODUCTION, SHIPMENTS AND NEW ORDERS

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	APPALACHIAN HARDWOOD	OTHER HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
PRODUCTION											
1976	7,893	8,322	9,789	2,001	1,688	29,693	3,037	1,173	2,217	6,427	36,120
1977	8,879	8,796	10,309	2,000	1,753	31,737	3,073	1,211	2,417	6,701	38,438
1978	9,231	8,845	10,033	1,902	2,046	32,057	3,258	1,233	2,540	7,031	39,088
1979	9,283	8,427	9,780	1,818	2,124	31,432	3,462	1,263	2,589	7,314	38,746
1980	8,217	6,815	7,613	1,589	2,012	26,246	3,341	1,221	2,553	7,115	33,361
1981	8,415	6,270	7,147	1,452	1,392	24,676	3,374	1,237	1,641	6,252	30,928
1982	8,754	5,743	6,681	1,300	1,309	23,787	2,061	602	2,398	5,062	28,849
1983	10,181	7,934	8,488	1,580	1,543	29,726	2,245	785	2,614	5,644	35,370
1984*											
1ST QUARTER	2,620	2,337	2,252	435	391	8,035	645	267	663	1,575	9,610
2ND QUARTER	2,787	2,264	2,429	444	404	8,328	651	297	689	1,637	9,965
3RD QUARTER	2,692	1,985	2,213	407	373	7,670	697	241	682	1,620	9,290
4TH QUARTER	2,575	1,743	2,098	378	347	7,141	649	180	601	1,430	8,571
TOTAL YEAR	10,674	8,329	8,992	1,664	1,515	31,174	2,642	985	2,635	6,262	37,436
1985*											
1ST QUARTER	2,471	1,970	2,009	448	353	7,251	635	248	625	1,508	8,759
2ND QUARTER	2,906	2,016	2,405	451	397	8,175	700	279	692	1,671	9,846
3RD QUARTER	2,771	2,039	2,539	445	398	8,192	657	218	620	1,495	9,687
4TH QUARTER	2,582	2,037	2,323	386	375	7,703	635	159	563	1,357	9,060
TOTAL YEAR	10,730	8,062	9,276	1,730	1,523	31,321	2,628	904	2,500	6,031	37,352
1986*											
1ST QUARTER	2,797	2,196	2,329	443	397	8,162	715	141	606	1,462	9,624
2ND QUARTER	3,034	2,291	2,640	510	433	8,908	691	236	656	1,583	10,491
3RD QUARTER	2,693	2,193	2,851	498	421	8,656	658	206	611	1,475	10,131
4TH QUARTER											
TOTAL YEAR	8,524	6,680	7,820	1,451	1,251	25,726	2,064	583	1,873	4,520	30,246
SHIPMENTS											
1976	7,782	8,293	9,744	2,044	1,679	29,542	3,032	1,171	2,214	6,417	35,959
1977	8,932	8,781	10,295	2,075	1,759	31,842	3,114	1,225	2,450	6,739	38,631
1978	9,226	8,906	10,067	1,884	2,051	32,134	3,248	1,230	2,530	7,008	39,142
1979	9,255	8,412	9,696	1,760	2,111	31,234	3,326	1,216	2,487	7,029	38,263
1980	8,018	6,821	7,807	1,590	2,012	26,248	3,119	1,142	2,387	6,648	32,896
1981	8,388	6,270	7,183	1,501	1,395	24,737	3,313	1,182	1,602	6,097	30,834
1982	8,464	5,793	6,775	1,349	1,303	23,684	2,127	634	2,488	5,249	28,935
1983	10,214	7,802	8,264	1,582	1,528	29,390	2,312	829	2,708	5,849	35,239
1984*											
1ST QUARTER	2,527	2,196	2,126	421	372	7,642	643	265	660	1,568	9,210
2ND QUARTER	2,780	2,263	2,395	440	402	8,280	639	289	675	1,603	9,883
3RD QUARTER	2,718	2,038	2,284	415	381	7,836	654	219	634	1,507	9,343
4TH QUARTER	2,549	1,912	2,209	397	361	7,428	619	167	571	1,357	8,785
TOTAL YEAR	10,574	8,409	9,014	1,673	1,516	31,186	2,555	940	2,540	6,035	37,221
1985*											
1ST QUARTER	2,404	1,914	1,914	381	338	6,951	633	245	622	1,500	8,451
2ND QUARTER	2,964	2,131	2,441	492	410	8,438	677	266	666	1,609	10,047
3RD QUARTER	2,740	2,003	2,546	433	394	8,116	628	201	588	1,417	9,533
4TH QUARTER	2,536	2,029	2,320	389	371	7,645	631	157	559	1,347	8,992
TOTAL YEAR	10,644	8,077	9,221	1,695	1,513	31,150	2,569	869	2,435	5,873	37,023
1986*											
1ST QUARTER	2,806	2,174	2,282	377	391	8,030	704	138	596	1,438	9,468
2ND QUARTER	3,021	2,399	2,739	560	446	9,165	681	230	645	1,556	10,721
3RD QUARTER	2,694	2,069	2,788	494	411	8,456	666	209	620	1,495	9,951
4TH QUARTER											
TOTAL YEAR	8,521	6,642	7,809	1,431	1,248	25,651	2,051	577	1,861	4,489	30,140
NEW ORDERS											
1976	7,779	8,377	9,760	2,067	1,687	29,670	3,015	1,165	2,200	6,380	36,050
1977	8,970	8,712	10,331	2,119	1,762	31,894	3,163	1,244	2,488	6,895	38,789
1978	9,273	8,894	9,946	1,847	2,043	32,003	3,288	1,239	2,560	7,087	39,090
1979	9,273	8,388	9,630	1,664	2,098	31,053	3,250	1,184	2,429	6,863	37,916
1980	7,964	6,791	7,730	1,563	1,996	26,044	3,060	1,118	2,338	6,516	32,560
1981	8,433	6,200	7,076	1,501	1,387	24,597	3,341	1,198	1,617	6,156	30,753
1982	8,510	5,976	6,880	1,388	1,325	24,079	2,123	650	2,495	5,268	29,335
1983	10,417	7,864	8,350	1,573	1,544	29,748	2,344	834	2,741	5,919	35,667
1984*											
1ST QUARTER	2,426	2,346	2,173	401	375	7,721	679	277	695	1,651	9,372
2ND QUARTER	2,752	2,072	2,311	397	385	7,917	585	285	632	1,502	9,419
3RD QUARTER	2,694	2,055	2,325	426	383	7,883	631	212	614	1,457	9,340
4TH QUARTER	2,470	1,823	2,202	416	353	7,264	629	170	579	1,378	8,642
TOTAL YEAR	10,342	8,296	9,011	1,640	1,496	30,785	2,524	944	2,520	5,988	36,773
1985*											
1ST QUARTER	2,358	1,935	1,920	391	338	6,942	659	246	641	1,546	8,488
2ND QUARTER	2,974	2,105	2,528	502	415	8,524	653	258	644	1,555	10,079
3RD QUARTER	2,864	2,012	2,506	394	397	8,173	638	207	598	1,443	9,616
4TH QUARTER	2,567	1,992	2,293	395	370	7,617	624	156	553	1,333	8,950
TOTAL YEAR	10,763	8,044	9,247	1,682	1,520	31,256	2,574	867	2,436	5,877	37,133
1986*											
1ST QUARTER	2,893	2,291	2,403	431	409	8,427	757	146	639	1,542	9,969
2ND QUARTER	2,958	2,206	2,642	529	427	8,762	674	224	636	1,534	10,296
3RD QUARTER	2,648	2,214	2,848	463	417	8,590	664	217	625	1,506	10,096
4TH QUARTER											
TOTAL YEAR	8,499	6,711	7,893	1,423	1,253	25,779	2,095	587	1,900	4,582	30,361

* SUBJECT TO REVISION.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING

IMPORTS AND EXPORTS OF LUMBER

IMPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS											
	DOUGLAS FIR	OTHER FIR	HEMLOCK	SPRUCE	PINE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES (SAWED)	TOTAL LUMBER
1976	744.2	91.3	1,083.8	4,116.0	1,305.4	480.2	8.7	121.2	7,950.8	228.3	8.2	8,187.3
1977	990.7	299.4	1,219.2	5,361.6	1,795.5	537.7	22.2	154.0	10,380.3	341.1	7.4	10,728.8
1978	976.2	508.9	1,219.8	6,312.9	1,916.9	657.5	41.8	190.6	11,824.6	361.4	12.3	12,198.3
1979	827.3	588.3	912.3	6,740.4	1.182.5	637.8	35.4	193.7	11,117.7	376.2	29.3	11,523.2
1980	559.0	440.8	627.8	6,167.9	1,023.9	543.4	20.7	156.6	9,540.1	293.2	31.3	9,864.6
1981	483.3	534.7	467.0	6,010.7	941.7	574.4	17.0	175.9	9,204.7	291.1	24.9	9,520.7
1982	504.3	460.7	293.9	6,341.2	801.6	539.0	28.8	149.4	9,118.9	211.0	26.2	9,356.0
1983	600.3	708.6	416.7	8,354.4	919.8	664.1	73.5	239.9	11,977.4	260.5	12.5	12,250.4
1984												
1ST QUARTER	140.1	151.1	135.0	2,152.8	240.7	190.9	9.4	75.6	3,095.6	85.7	3.1	3,184.4
2ND QUARTER	137.1	168.6	96.8	2,390.5	251.8	136.3	9.0	59.3	3,249.4	87.1	6.6	3,343.1
3RD QUARTER	147.5	264.4	140.5	2,551.2	225.8	200.9	8.9	72.8	3,612.0	73.9	8.0	3,693.9
4TH QUARTER	178.2	181.0	142.6	2,377.0	183.4	176.1	7.7	67.3	3,313.2	81.0	6.5	3,400.7
TOTAL YEAR	603.0	765.1	514.9	9,471.4	901.6	704.1	35.0	275.0	13,270.2	327.7	24.2	13,622.2
1985												
1ST QUARTER	154.6	189.1	171.1	2,257.0	165.8	210.2	26.9	66.9	3,241.6	105.9	3.2	3,350.7
2ND QUARTER	205.9	200.0	185.6	2,907.4	237.8	233.3	10.2	89.2	4,069.3	96.1	11.8	4,177.2
3RD QUARTER	247.4	236.0	151.0	2,685.4	215.0	203.7	14.0	89.3	3,841.8	85.3	7.7	3,934.8
4TH QUARTER	157.1	166.8	136.2	2,543.6	198.6	160.7	16.0	76.1	3,455.1	76.3	5.1	3,536.4
TOTAL YEAR	765.1	791.8	643.9	10,393.4	817.2	807.9	67.1	321.5	14,607.8	363.6	27.7	14,999.1
1986												
1ST QUARTER	157.2	166.5	128.4	2,571.0	152.3	208.1	27.3	87.2	3,498.0	95.6	3.8	3,597.4
2ND QUARTER	179.1	238.0	154.9	2,957.5	180.3	269.8	30.4	119.1	4,129.1	88.9	10.0	4,228.0
3RD QUARTER	225.7	254.6	140.1	2,967.9	222.3	207.3	18.7	82.2	4,118.9	75.8	5.4	4,200.1
4TH QUARTER												
TOTAL YEAR	562.0	659.1	423.4	8,496.4	554.9	685.3	76.4	288.5	11,746.1	260.3	19.1	12,025.5

EXPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS												
	DOUGLAS FIR	SOUTHERN PINE	PONDEROSA/ WHITE PINE	REDWOOD	HEMLOCK	SPRUCE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES \4 (SAWED)	TOTAL \5 LUMBER
1976	571.7	141.4	214.0	61.3	294.2	165.5	60.7	75.7	----	1,584.5	225.5	30.9	1,840.9
1977	488.3	157.8	195.0	48.1	264.2	150.7	61.3	47.0	----	1,412.4	226.1	19.2	1,657.7
1978	456.9	130.5	136.9	34.3	272.5	135.4	59.2	120.1	23.1	1,368.9	320.1	25.8	1,714.8
1979	505.4	195.1	147.7	30.1	463.7	151.1	56.0	179.4	16.2	1,744.7	306.6	90.5	2,141.8
1980	520.8	261.4	168.1	27.3	511.2	136.4	62.0	248.6	20.2	1,956.0	378.6	128.3	2,462.9
1981	509.0	211.2	223.8	37.7	390.2	141.4	66.9	280.6	16.8	1,877.6	405.7	88.8	2,372.1
1982	457.2	231.8	140.8	22.5	391.7	124.9	40.5	206.0	14.8	1,630.2	356.2	34.4	2,020.8
1983	559.3	208.4	197.3	24.0	376.2	113.9	46.8	207.8	10.8	1,744.5	478.2	47.2	2,269.9
1984													
1ST QUARTER	136.8	39.1	46.9	5.5	77.8	24.9	10.7	42.8	2.9	387.5	117.4	30.9	535.9
2ND QUARTER	159.3	53.5	45.0	15.1	81.8	19.8	10.1	56.0	3.8	444.2	129.3	9.4	582.9
3RD QUARTER	131.7	35.7	46.0	5.2	84.8	25.6	9.7	47.8	3.1	389.7	112.4	24.6	526.7
4TH QUARTER	104.3	44.1	36.3	4.4	93.1	27.7	8.7	56.1	3.3	377.9	107.4	19.7	505.0
TOTAL YEAR	532.1	172.4	174.1	30.1	337.4	98.1	39.2	202.7	13.1	1,599.3	466.5	94.6	2.150.4
1985													
1ST QUARTER	117.5	37.0	37.8	3.4	101.5	21.1	6.3	47.0	2.8	374.4	102.7	3.6	480.7
2ND QUARTER	130.4	44.4	42.1	3.8	83.2	17.2	7.0	55.2	2.8	385.9	97.3	7.7	490.9
3RD QUARTER	113.2	39.5	44.4	3.5	78.2	14.2	6.4	65.5	3.1	368.1	96.3	17.1	481.4
4TH QUARTER	114.4	43.5	43.4	5.0	101.5	8.4	7.8	61.0	1.9	387.0	100.8	4.5	492.3
TOTAL YEAR	475.6	164.4	167.7	15.7	364.4	60.8	27.4	228.7	10.6	1,515.4	397.1	32.9	1,945.3
1986													
1ST QUARTER	135.9	42.2	49.7	2.9	130.1	24.6	6.8	76.2	2.4	470.9	112.0	4.5	587.4
2ND QUARTER	130.1	50.3	54.9	2.1	121.0	23.2	7.8	66.0	2.4	457.9	122.8	6.0	586.7
3RD QUARTER	106.3	40.1	60.8	2.8	115.4	19.0	12.4	66.7	4.1	427.7	135.0	6.1	568.8
4TH QUARTER													
TOTAL YEAR	372.3	132.6	165.5	7.9	366.5	66.8	27.1	209.0	8.9	1,356.5	369.8	16.6	1,742.9

1. Sawed timber, board planks and scantlings, flooring, box shook and railroad ties.
2. Includes siding and softwood lumber drilled or treated. Beginning 1978 includes siding and flooring. For exports, figures not availa prior to 1978.
3. Includes hardwood flooring, siding and hardwood lumber drilled or treated.
4. Includes a small amount of hewn railroad ties. Beginning with 1978 includes mine timber.
5. Includes box shook: 1973 - 4.4 mbf; 1974 - 6.1 mbf; 1975 - 4.1 mbf; 1976 - 6.0 mbf; 1977 - 5.8 mbf. Beginning with 1978 box shook is reported in appropriate species.

SOURCE: Foreign Agricultural Service, U.S. Department of Agriculture; Forest Products Division, BIE, U.S. DOC, from data of the Foreign Trade Division, Bureau of Census.

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

ESTIMATED GROSS LUMBER MILL STOCKS AND UNFILLED ORDERS BY REGION

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
GROSS MILL STOCKS										
DECEMBER 31ST										
1976	1,245	949	1,315	434	271	4,214	453	432	885	5,099
1977	1,192	964	1,329	359	265	4,109	412	385	797	4,906
1978	1,197	903	1,295	377	260	4,032	422	398	820	4,852
1979	1,225	918	1,379	435	273	4,230	558	547	1,105	5,335
1980	1,424	912	1,185	434	273	4,228	780	792	1,572	5,800
1981	1,451	912	1,149	385	270	4,167	841	886	1,727	5,894
1982	1,741	862	1,055	336	276	4,270	775	764	1,539	5,809
1983	1,708	994	1,279	334	291	4,606	708	626	1,334	5,940
1984*										
1ST QUARTER	1,801	1,135	1,405	348	310	4,999	710	631	1,341	6,340
2ND QUARTER	1,808	1,136	1,439	352	312	5,047	722	653	1,375	6,422
3RD QUARTER	1,782	1,083	1,368	344	304	4,881	765	723	1,488	6,369
4TH QUARTER	1,808	914	1,257	325	290	4,594	795	766	1,561	6,155
1985*										
1ST QUARTER	1,875	970	1,352	392	305	4,894	797	772	1,569	6,463
2ND QUARTER	1,817	855	1,316	351	292	4,631	820	811	1,631	6,262
3RD QUARTER	1,848	891	1,309	363	296	4,707	849	860	1,709	6,416
4TH QUARTER	1,894	899	1,312	360	300	4,765	853	866	1,719	6,484
1986*										
1ST QUARTER	1,885	921	1,359	426	306	4,897	864	879	1,743	6,640
2ND QUARTER	1,898	813	1,260	376	293	4,640	874	896	1,770	6,410
3RD QUARTER	1,897	937	1,323	380	303	4,840	866	884	1,750	6,590
4TH QUARTER										
ESTIMATED UNFILLED ORDERS										
DECEMBER 31ST										
1976	450	634	554	227	264	2,129	243	157	400	2,529
1977	488	565	590	271	267	2,181	292	214	506	2,687
1978	535	553	469	234	259	2,050	332	253	585	2,635
1979	553	529	403	138	246	1,869	256	163	419	2,288
1980	499	499	326	111	230	1,665	197	90	287	1,952
1981	544	429	219	111	222	1,525	225	121	346	1,871
1982	590	612	324	150	244	1,920	221	144	365	2,285
1983	793	674	410	141	260	2,278	253	182	435	2,713
1984*										
1ST QUARTER	692	824	457	121	263	2,357	289	229	518	2,903
2ND QUARTER	664	633	373	78	246	1,994	235	182	417	2,490
3RD QUARTER	640	650	414	89	248	2,041	212	155	367	2,251
4TH QUARTER	561	561	407	108	240	1,877	222	166	388	2,449
1985*										
1ST QUARTER	515	582	413	118	240	1,868	248	186	434	2,302
2ND QUARTER	525	556	500	129	245	1,954	224	156	390	2,334
3RD QUARTER	649	565	460	89	248	2,011	234	172	406	2,417
4TH QUARTER	680	528	433	95	247	1,983	227	165	392	2,375
1986*										
1ST QUARTER	766	645	554	149	265	2,379	280	216	496	2,875
2ND QUARTER	703	452	457	118	246	1,976	273	201	474	2,450
3RD QUARTER	657	597	517	87	252	2,110	272	214	486	2,596
4TH QUARTER										
UNFILLED ORDERS IN RELATION TO GROSS MILL STOCKS (Unfilled Orders As Percentage of Mill Stocks)										
1976	36%	67%	42%	52%	97%	51%	54%	36%	45%	50%
1977	41%	59%	44%	75%	101%	53%	71%	56%	63%	55%
1978	45%	61%	36%	62%	100%	51%	79%	64%	71%	54%
1979	45%	58%	29%	32%	90%	44%	46%	30%	38%	43%
1980	35%	55%	28%	26%	84%	39%	25%	11%	18%	34%
1981	37%	47%	19%	29%	82%	37%	27%	14%	20%	32%
1982	34%	71%	31%	45%	88%	45%	29%	19%	24%	39%
1983	46%	68%	32%	42%	89%	49%	36%	29%	33%	46%
1984*										
1ST QUARTER	38%	73%	33%	35%	85%	47%	41%	36%	39%	46%
2ND QUARTER	37%	56%	26%	22%	79%	40%	33%	28%	30%	39%
3RD QUARTER	36%	60%	30%	26%	82%	42%	28%	21%	25%	35%
4TH QUARTER	31%	61%	32%	33%	83%	41%	28%	22%	25%	40%
1985*										
1ST QUARTER	27%	60%	31%	30%	79%	38%	31%	24%	28%	36%
2ND QUARTER	29%	65%	38%	36%	84%	42%	27%	19%	23%	37%
3RD QUARTER	35%	63%	35%	25%	84%	43%	28%	20%	24%	38%
4TH QUARTER	36%	59%	33%	26%	82%	42%	27%	19%	23%	37%
1986*										
1ST QUARTER	41%	70%	41%	35%	87%	49%	32%	25%	28%	43%
2ND QUARTER	37%	56%	36%	31%	84%	43%	31%	22%	27%	38%
3RD QUARTER	35%	64%	39%	23%	83%	44%	31%	24%	28%	39%
4TH QUARTER										

* SUBJECT TO REVISION.

** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHER.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

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NFPA AN ECONOMICS BULLETIN OF THE FOREST PRODUCTS INDUSTRY

ECONOMICS MONTHLY

Volume II Number 12 December, 1986

MONTHLY STATISTICAL HIGHLIGHTS

The volume of softwood lumber imports from Canada plummeted in October, dropping 25.5 percent from September.

Housing starts in November were reported at seasonally adjusted annual rate of 1.628 million units. Through the first ten months of 1986, the annual rate has averaged 1.859 million units.

The value of exported red oak lumber was up 37.6 percent during the first ten months of the year. The average value of red oak exports was $647.09 per MBF.

Structural panel shipments during the first ten months of the year were estimated to be 21.821 billion square feet, up 12.0 percent from last year.

AGREEMENT REACHED ON SOFTWOOD LUMBER IMPORTS

As we go to press, the United States and Canada are finalizing an agreement which will avert the imposition of a countervailing duty on softwood lumber imported from Canada. The agreement calls for Canada to impose a 15 percent tax on the final mill value of softwood lumber exports bound for the U.S. The Department of Commerce decision on the countervailing duty petition was due to be announced on the last day of this month.

The agreement also calls for the imposition of a 15 percent tax on softwood lumber used in remanufactured products, such as flooring and siding, destined for the U.S.

In the meantime, Canadian imports of softwood lumber in October plunged to 968.9 million board feet, a 25.5 percent drop from the previous month. The uncertainties and confusion surrounding the October 16th preliminary decision to impose a 15 percent duty, coupled with the widely reported strikes in British Columbia, had a major impact on cross-border lumber trade. Lumber imports through the first ten months of the year were still ahead of last year's pace by about 2 percent. But the year may have already finished differently if October's trend carried forward through November and December. Data for these months will not be available until early next year.

NATIONAL FOREST TIMBER: SALES PROGRAM IS CRITICAL FOR PRODUCERS

In January, the Administration will submit its budget for Fiscal Year '88, and the new Democratic controlled Congress begins the long deliberative budgetary process. The Administration's budget document is chock full of implications for all areas of the U.S. economy, the wood products industry being no exception. A particularly critical area of the budget for wood products producers is the allocation for the U.S. Forest Service timber management program. This has a major impact on timber supply and, hence, producers wholly or partially dependent on raw material from the national forests.

As in the past, the Forest Service budget will emerge as the various industry, environmental and regional interests make their cases to the legislative committees. Increasingly, Congress has assumed the responsibility for operational and planning decisions which used to be left to the professional managers in the agency.

Some Background

The Forest Service administers the National Forest System which includes some 89 million acres of commercial forestland, about 18 percent of the total in the United States. They contain over 50 percent of the softwood sawtimber inventory in the U.S. and therein

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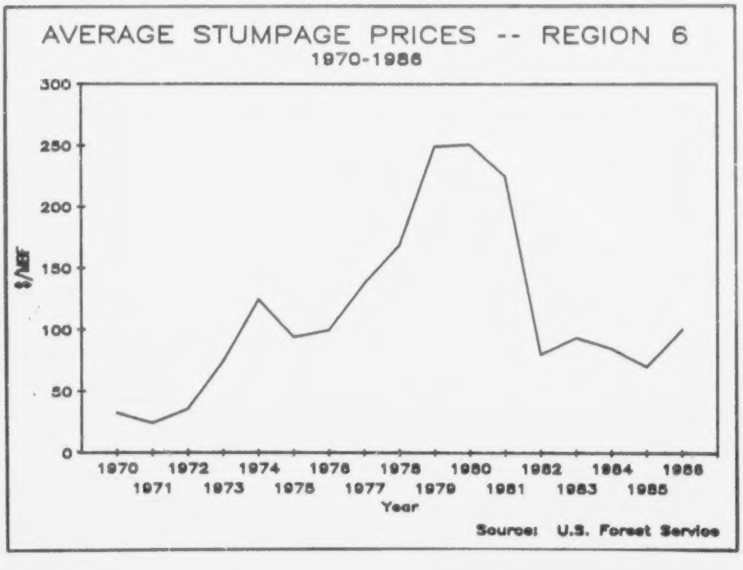
lies their importance as a source of timber for manufacturing.

Recent trends in national forest timber supply are showing the affect of the Timber Contract Modification Act of 1984. Under that legislation, purchasers paid $170 million to return 9.6 billion board feet (BBF) that had been bid at prices which would have caused massive defaults in today's market. As the graphs in Figures 1 - 3 show, uncut volume under contract and prices bid on new contracts appear closer to historical norms, although stumpage is now beginning to rise again. Contract periods are also much shorter. Of the 19.5 BBF of timber under contract, the lion's share is due to be harvested within three years. In fact, over 45 percent of the harvest on the west side of Oregon and Washington during this past year was from contracts entered into within a year.

These trends in timber supply from the national forests are in some part a function of new contract procedures put into effect since 1982. They have mostly tightened upon the financial requirements for entering into contracts on Forest Service timber. They include: increased bid guarantee and performance bond amounts, increased cash down payments, midpoint payment requirements for sales that exceed one year in length (soon to be replaced by some form of periodic payments), and increased purchaser financial responsibility for defaulted contracts. The average timber sale contract length has been reduced significantly. The maximum length of a contract is now about three years. Prior to 1982, it was not unusual to enter into contracts extending to five years or longer.

Figure 1: Stumpage prices in the northwest region have started up again.



Source: U.S. Forest Service

Problems for producers still persist, however. During the fiscal year ended September 30, 1986, harvest off the national forests reached 11.8 billion board feet (BBF), the highest level since 1973 -- despite the fact the volume of timber sold during the same period was under 11 BBF. This means that the backlog of timber under contract is diminishing. Unless timber sale volumes are increased next year, the prospect of shortages will loom, possibly sending prices spiraling in the not-too-distant future. Moreover, the backlog of unharvested timber under contract includes almost 7 BBF billion board feet of timber purchased prior to January 1, 1982 that was not returned under the timber buy-out program. Much of this volume is still committed, at prices which are not profitable in today's market. Unless sufficient volumes of timber are sold from the national forests, competitive pressures may drive up prices on new contracts once again.

RPA, NFMA and Appropriations Are Determinants

The debate over the management of the national forests rages around three policy areas: Resources Planning, National Forest Management Planning, and the annual appropriations for the Forest Service. On one level is the Resources Planning

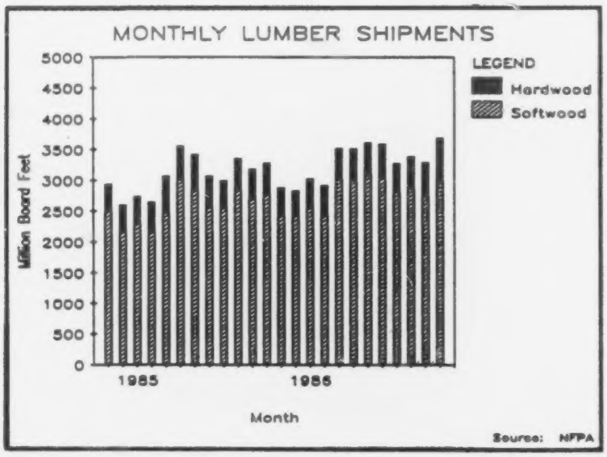
ECONOMICS MONTHLY

MONTHLY STATISTICAL SUPPLEMENT

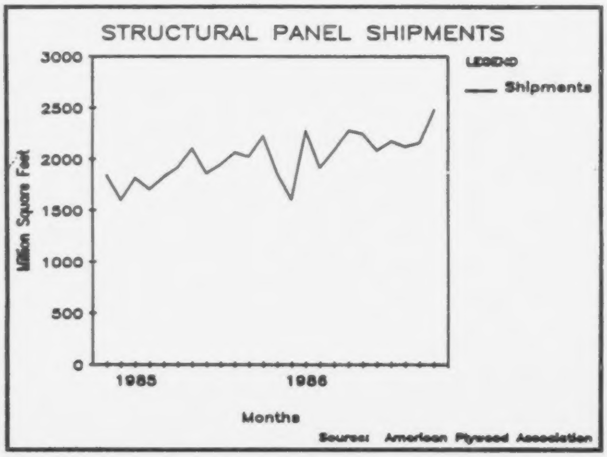
Issued: December 1986

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	OCTOBER 1986			OCTOBER 31, 1986	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER		(Million Board Feet)			
Southern Pine Region	1,014	955	1085	732	1,892
Douglas Fir Region	846	802	852	647	981
Western Pine Region	962	933	947	531	1,352
California Redwood Region	184	168	193	112	396
Other Softwoods	154	146	157	261	308
TOTAL SOFTWOODS	3,160	3,004	3,234	2,283	4,929
% Change - September 1986	0.3%	-1.0%	4.5%	11.2%	3.3%
% Change - October 1985	7.5%	7.9%	17.9%	15.9%	1.4%
HARDWOOD LUMBER					
Southern Hardwood Region	220	227	238	283	859
Appalachian Hardwood Reg.	166	174	177	*	*
Other Hardwoods	274	284	294	236	865
TOTAL HARDWOODS	660	685	709	519	1,724
% Change - September 1986	5.3%	7.0%	5.0%	4.8%	-1.4%
% Change - October 1985	28.4%	37.8%	46.5%	32.1%	-0.1%
TOTAL LUMBER	3,820	3,689	3,943	2,802	6,653
% Change - September 1986	1.1%	0.4%	4.6%	10.0%	2.0%
% Change - October 1985	10.6%	12.5%	22.2%	18.6%	1.0%
* Included in Other Hardwoods					
FLOORING		(Thousand Feet)			
Oak Flooring (Bd. Ft.)	NA	14,717	NA	7,413	5,124
Maple Flooring (Sq. Ft.)	948	1,129	971	3,723	1,428
STRUCTURAL PANELS (Sq. Ft.)	2,428,501	2,474,962	2,335,710	884,617	267,000
% Change - September 1986	9.9%	14.5%	-0.3%	-13.6%	-14.7%
% Change - October 1985	7.3%	11.1%	14.4%	68.1%	-19.3%


MONTHLY LUMBER SHIPMENTS

Source: NFPA


STRUCTURAL PANEL SHIPMENTS

Source: American Plywood Association

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YEAR-TO-DATE INDICATORS

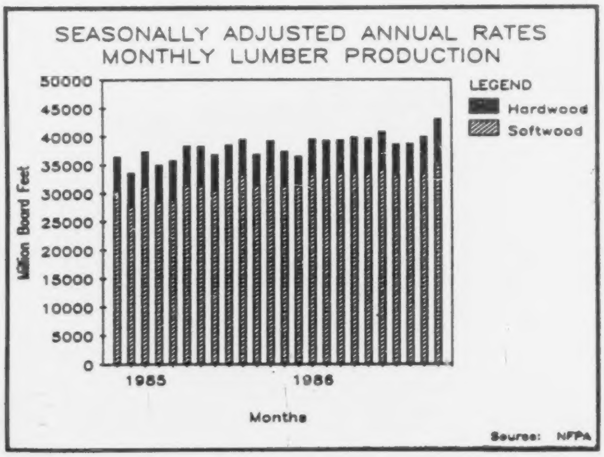
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	10 mos.'86	10 mos.'85	10 mos.'86	10 mos.'85	10 mos.'86	10 mos.'85
	(Million Board Feet)					
TOTAL LUMBER	34,476	8.6%	34,307	9.6%	34,734	10.6%
TOTAL SOFTWOOD	29,207	10.0%	29,043	10.5%	29,344	11.2%
TOTAL HARDWOOD	5,269	1.6%	5,264	4.8%	5,390	7.2%
	(Million Square Feet)					
STRUCTURAL PANELS	21,874	11.7%	21,821	12.0%	21,771	12.0%

SEASONALLY ADJUSTED ANNUAL RATES

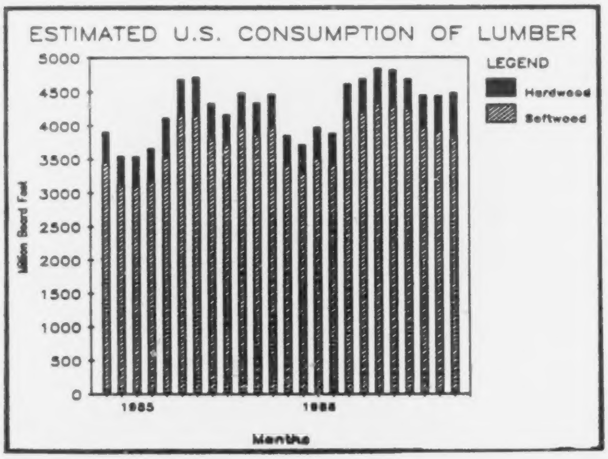
	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	Oct. '86	Sep. '86	Oct. '85	Oct. '86	Sep. '86	Oct. '85
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	11,125	-5.4%	1.3%	10,262	-12.0%	-6.0%
Douglas Fir	9,881	-1.2%	3.3%	9,092	-4.7%	5.1%
Western Pine	10,748	-8.2%	8.9%	10,109	-12.0%	5.4%
Calif. Redwood	1,941	-0.8%	12.0%	1,896	-1.7%	29.5%
Other Softwoods	1,719	-3.9%	6.1%	1,566	-11.0%	1.1%
TOTAL SOFTWOODS	35,414	-4.8%	4.9%	32,925	-9.5%	2.3%
TOTAL HARDWOODS	7,634	4.0%	40.0%	8,247	6.9%	49.8%
TOTAL LUMBER	43,048	-3.4%	9.8%	41,172	-6.6%	9.3%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	Oct. '86	Sep. '86	Oct. '85	10 mos.'86	10 mos.'85
	(Million Board Feet)				
Total Consumption	4,486	-7.1%	0.4%	45,387	6.8%
Softwood Consumption	3,818	-9.3%	-4.2%	40,246	7.3%
Hardwood Consumption	669	8.5%	38.1%	5,141	2.9%



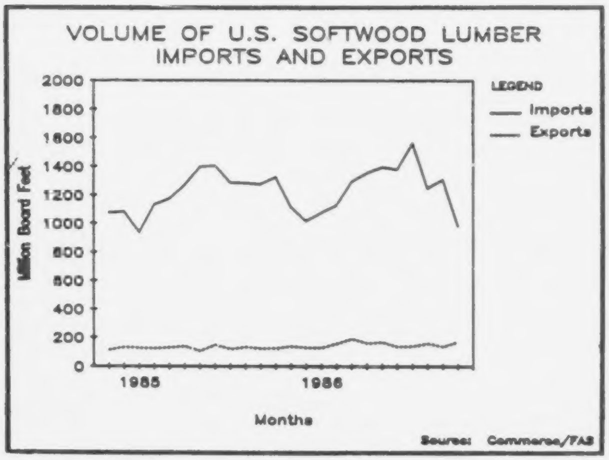
Source: NFPA



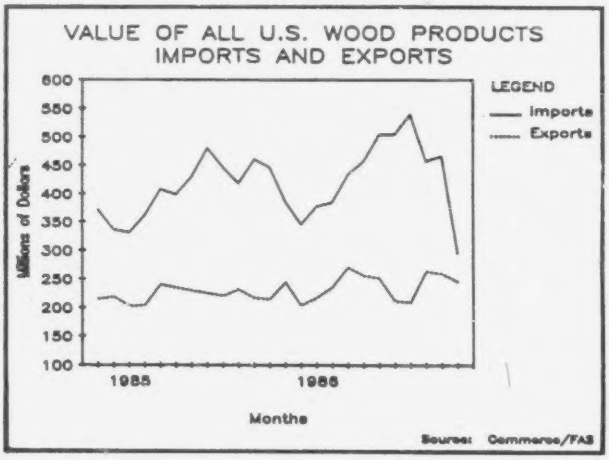
INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		Oct. '86	10 mo. 1986	% Change From Sep. '86	% Change From 10 mo. 1985	Oct. '86	10 mo. 1986	% Change From Sep. '86	% Change From 10 mo. 1985
EXPORTS									
SOFTWOOD LUMBER	MMBF	168.7	1,525.2	26.7%	21.8%	58,969	513,876	26.9%	25.2%
To Canada	MMBF	27.8	308.4	-20.5%	19.8%	7,232	76,624	-18.2%	19.1%
SOFTWOOD LOGS	MMBF	250.6	2,783.9	-18.4%	-11.1%	80,933	902,661	-18.1%	-8.0%
SOFTWOOD PLYWOOD	MMSF 3/8"	27.7	436.6	-41.3%	85.4%	6,570	95,147	-37.2%	70.4%
HARDWOOD LUMBER	MMBF	44.9	414.7	-5.2%	24.3%	31,182	280,686	12.7%	35.0%
HARDWOOD LOGS	MMBF	9.5	87.9	163.3%	-6.6%	8,608	80,083	213.0%	8.1%
HARDWOOD VENEER	MMSFsurf	86.6	812.4	1.3%	26.4%	7,841	65,509	11.6%	27.8%
PARTICLEBOARD	MMSF 3/4"	18.3	136.6	43.4%	44.3%	3,512	27,353	30.8%	44.8%
ALL OTHER		NA	NA	NA	NA	46,901	440,312	-24.8%	9.6%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	245,229	2,414,830	-5.3%	9.0%
IMPORTS									
SOFTWOOD LUMBER	MMBF	982.3	12,728.4	-25.0%	2.0%	218,156	2,685,310	-23.8%	8.4%
From Canada	MMBF	968.8	12,616.4	-25.5%	1.7%	215,692	2,659,531	-24.0%	8.0%
SOFTWOOD LOGS	MMBF	0.2	42.2	-95.4%	-29.2%	39	4,724	-94.0%	-67.6%
SOFTWOOD PLYWOOD	MMSF 3/8"	8.7	108.7	-13.1%	47.2%	2,337	28,406	-6.0%	60.6%
HARDWOOD LUMBER	MMBF	28.9	289.2	25.0%	-7.4%	14,160	139,815	11.7%	-10.7%
HARDWOOD LOGS	MMBF	1.9	23.0	-14.1%	-2.6%	206	3,651	-64.0%	23.6%
HARDWOOD VENEER	MMSFsurf	110.4	1,314.8	-19.0%	11.7%	8,725	92,755	-0.9%	8.5%
HARDWOOD PLYWOOD	MMSFsurf	235.3	3,124.2	-16.3%	2.8%	32,931	394,129	-8.7%	4.6%
HARDBOARD	MMSF 1/8"	45.1	720.0	-19.9%	11.8%	3,569	47,389	-21.0%	8.9%
PARTICLEBOARD	MSF 3/4"	85.5	971.6	-50.4%	15.0%	12,184	117,212	42.4%	0.2%
ALL OTHER		NA	NA	NA	NA	102,477	1,001,006	-2.7%	13.3%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	394,931	4,517,212	-15.3%	8.1%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.


VOLUME OF U.S. SOFTWOOD LUMBER IMPORTS AND EXPORTS

Source: Commerce/FAS


VALUE OF ALL U.S. WOOD PRODUCTS IMPORTS AND EXPORTS

Source: Commerce/FAS

VALUE OF NEW CONSTRUCTION

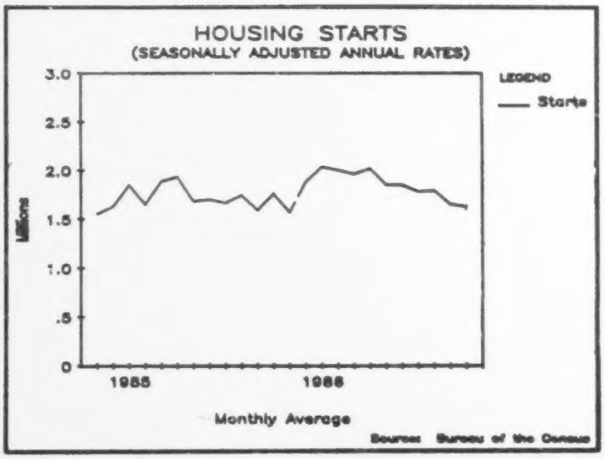
	CURRENT			YEAR-TO-DATE	
	Latest Month Available	---% Change From---		Latest Period Available	% Change From
	Oct. '86	Sep. '86	Oct. '85	10 mo. '86	10 mo. '85
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	35.8	-0.8%	12.0%	313.2	9.7%
Private	28.6	0.7%	10.7%	253.3	8.8%
Residential	16.5	-1.8%	18.6%	143.7	15.7%
Nonresidential & Other	12.1	4.3%	0.8%	109.6	0.9%
Public	7.2	-6.5%	17.8%	59.8	13.8%

HOUSING STARTS

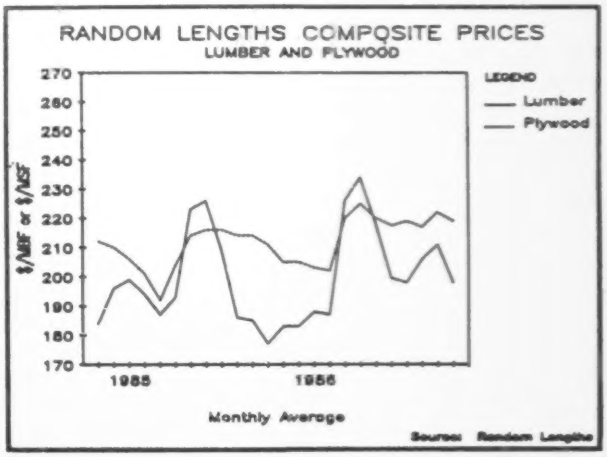
	Oct. '86	Sep. '86	Oct. '85	10 mo. '86	10 mo. '85
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	154.9	0.4%	-10.6%	1,577.6	5.2%
New Private Starts	154.8	0.5%	-10.5%	1,576.8	5.3%
Seas. Adj. Annual Rate	1628	-2.2%	-8.1%		
One-Family Housing Starts	101.4	-1.1%	-3.2%	1,030.3	10.4%
Proportion of Total	65.5%			65.3%	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	23,100	7.4%	-16.6%	211,400	-14.0%

INDUSTRY EMPLOYMENT

		----% Change From---	
	Oct. '86	Sep. '86	Oct. '85
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	100,820	0.3%	2.3%
All Manufacturing Industries	19,128	0.1%	-1.1%
Lumber and Wood Products	739	0.7%	4.4%
Furniture and Fixtures	500	0.0%	0.8%


HOUSING STARTS
(SEASONALLY ADJUSTED ANNUAL RATES)

Source: Bureau of the Census


RANDOM LENGTHS COMPOSITE PRICES
LUMBER AND PLYWOOD

Source: Random Lengths

Act, or RPA, which mandates that the Administration develop periodic assessments of demand and supply for the country's renewable resources. RPA has consistently pointed to higher wood products demand and a need for greater productivity from national forests. On another level is the National Forest Management Planning Act, or NFMA, which mandates forest-by-forest planning of multiple use resources. Finally, and of more short-term significance, there is the annual appropriations process which enables the Forest Service to administer a timber sales program, and build logging roads to support that program.

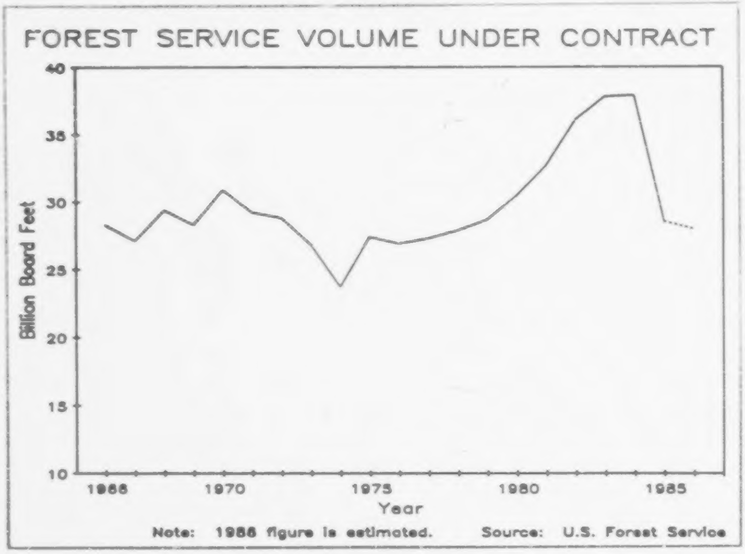
RPA -- A Long-Term National Plan?

The Administration released the 1985 RPA Program in August. The program includes both a high bound and low bound timber supply alternative. Many in the industry have long been critical of the Forest Service for setting both a high bound and low bound alternative, and they have been critical of the specific targets that they include. And while industry has attacked the numbers as too low, the environmental community views them as too high.

NFMA -- See You in Court

The National Forest Management Act (NFMA) stemmed from a successful environmental challenge to clearcutting on the national forests. While the passage of NFMA gave the Forest Service the authority to practice even-aged silviculture, which includes clearcutting under certain circumstances, it also required each national forest to undertake a comprehensive land management planning process.

Specific NFMA regulations took over four years to implement. They require each forest to determine the optimal mix of management regimes under the broad direction to "maximize net public benefit."



Note: 1986 figure is estimated. Source: U.S. Forest Service

Figure 2: The volume of Forest Service timber under contract has declined.

Heavy emphasis is placed on environmental protection and non-commodity resources, in what has evolved as a complicated and prolonged planning process.

Of the 123 forest plans which were to be completed by 1985, only 63 have been issued as final. They are now encumbered by as many as 323 separate administrative appeals. Another 43 plans are out in draft form. Only 12 forest plans have completely cleared the administrative appeal process. In 1987, a rash of Draft and Final Plans will be released, and consequently, additional appeals can be expected.

Budget levels are yet another problem across many forest Plans. Planning models are not constrained by current budget estimates. Hence, many forest plans are analyzing programs under unrealistic budget assumptions. Harvest levels could be affected if the assumed budget levels are not met. The Forest Service contends that the budgeting process will soon be based on the forest plans, and so the planning and budgetary process will at some point come together, but it is unclear when this might happen.

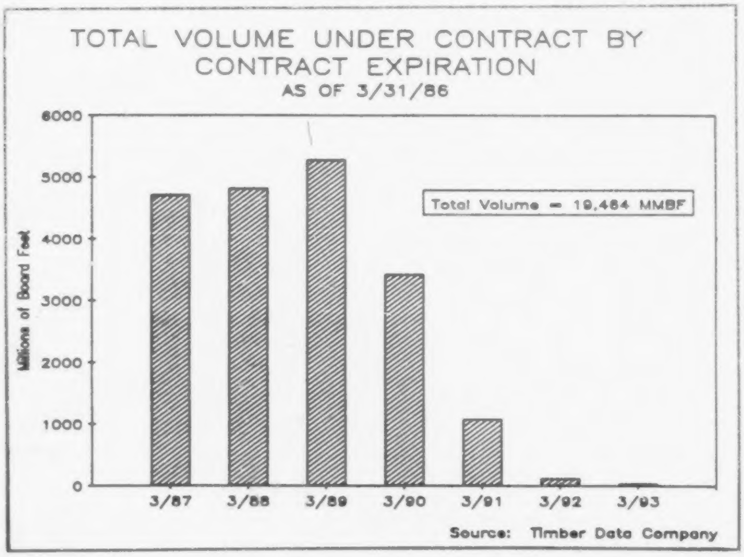
Appropriations -- The Real Driver For Management

Congress has the ultimate say in how much timber is sold from the national forests through the annual appropriations process. Recent trends in this process promise to make it more difficult to obtain annual funding for an adequate timber sale program.

The Forest Service budget is one of the discretionary spending categories under the scrutiny of Gramm -Rudman - Hollings fiscal policy. In an attempt to meet its deficit targets, the President's FY 87 Budget had proposed a timber sale program of only 10 BBF -- the lowest program in 25 years. Ultimately, Congress passed a budget which included a timber sales program of 11.2 BBF. Although industry analysts can demonstrate that the program returns a net profit to the Federal Treasury, the Administration and Congress are tempted to view the program merely in terms of outlays.

Environmental groups also play a political part in the budgetary process. They have sought reductions in funding for roads and timber sales as a way of increasing wilderness acreage, and they have argued that numerous timber sales cost more to administer than they return in revenues.

Figure 3: Except for timber remaining in older contracts, most of the volume comes due within three years.



Source: Timber Data Company

As a result of the political climate surrounding national forest management, Congress has been taking a keener interest in the specific details of the timber sale program. In the past, Congress appropriated funding for the total timber sale program and left the regional distribution and composition of that program up to the Forest Service. In the FY 86 appropriations, however, Congress, reflecting the more highly charged political process, specified how much timber should go to the different regions, and how much should be composed of the sales returned under the buy-out bill. Subsequently, the President's FY 87 Budget included a regional distribution and composition that was ultimately modified by Congress.

More Congressional Direction

The Congress also instructed the Forest Service to address the interaction between RPA, NFMA and appropriations by early next year. The agency must prepare an analysis by March 1, 1987 that explains the role of RPA targets in the development of national forest plans, why RPA targets have not been met in specific forest plans, and what actions the agency will take if the RPA goals and national forest planning outputs are not consistent. Additionally, Congress required the Forest Service to publish the 1990 RPA Program on time, and present a single strategy for the management of the national forests. Stay tuned for further developments....

CORRECTION

The values reported for trade with India in Table I of the November issue of the Economics Monthly should have read thousands of dollars, not millions of dollars.

2/6/87 A7870-3

NFPA AN ECONOMICS BULLETIN OF THE FOREST PRODUCTS INDUSTRY

ECONOMICS MONTHLY

Volume III Number 1 January, 1987

MONTHLY STATISTICAL HIGHLIGHTS

Imports of softwood lumber from Canada fell by 21.4 percent in November, bringing the volume of Canadian imports through November to 13,377.6 million board feet.

Canadian market share through November was 30.8 percent, compared to 33.5 percent a year earlier.

The volume of treated wood products increased by one and a half times between 1978 and 1984, according to a report prepared for the American Wood Preservers Institute.

The Appalachian hardwood lumber region reported dramatic increases in production, shipments and new orders in November. U.S. hardwood lumber production in November was 78 percent higher than November, 1985.

ECONOMY WATCH -- HOUSING STARTS AS EXPECTED; GNP DOWN; IMPORTS DOWN

Housing starts finished the year at 1.806 million units, of which 65 percent were in single-family dwellings. This was fairly consistent with earlier forecasts for the year, and only slightly lower than the level projected by NFPA. Consumption of softwood lumber through November was running over 6 percent ahead of 1985, indicating that the year set another historical record.

The Commerce Department, however, reported economic growth during the fourth quarter to be 1.7 percent, and a scant 2.2 percent for the year. Real GNP growth, therefore, was the lowest since the recession year of 1982. New housing helped to maintain what modest growth there was in the economy last year. New housing accounts for about 5 percent of the GNP, and residential investment grew over 11 percent last year.

Imports for softwood lumber from Canada plummeted again in November, after falling in October. Imports of Canadian softwood lumber amounted to 761 million board feet for the month, down 21.4 percent from October. The decline brought the level of imports for the first 11 months below a year earlier, the first decline in the volume of imports since the 1982 recession. The year is likely to finish with a decline in Canadian market share for the first time since 1979, down to less than 31 percent. The drop-off of imports can be explained by two factors: strikes in parts of Canada which were not settled until late in the year, and the imposition of a countervailing duty under a preliminary Department of Commerce decision issued in mid-October. An agreement was reached between the two countries on December 30, resulting in a 15 percent export tax on the Canadian side of the border for softwood lumber bound for the United States. U.S. producers are reporting substantial increases in new orders since the first of the year, in part due to the new trade situation.

Meanwhile, the dollar is falling rapidly *vis a vis* the West German mark and Japanese Yen, infusing the economy with some additional uncertainty. Most analysts have welcomed a weakening of the dollar as a prelude to a reduced trade deficit. But too precipitous a drop could set off some less-than-desireable impacts. The down side could be higher interest rates, higher inflation, and slower growth in countries that are major customers for U.S. products. Many economists believe there remains room for the dollar to fall without these dangers.

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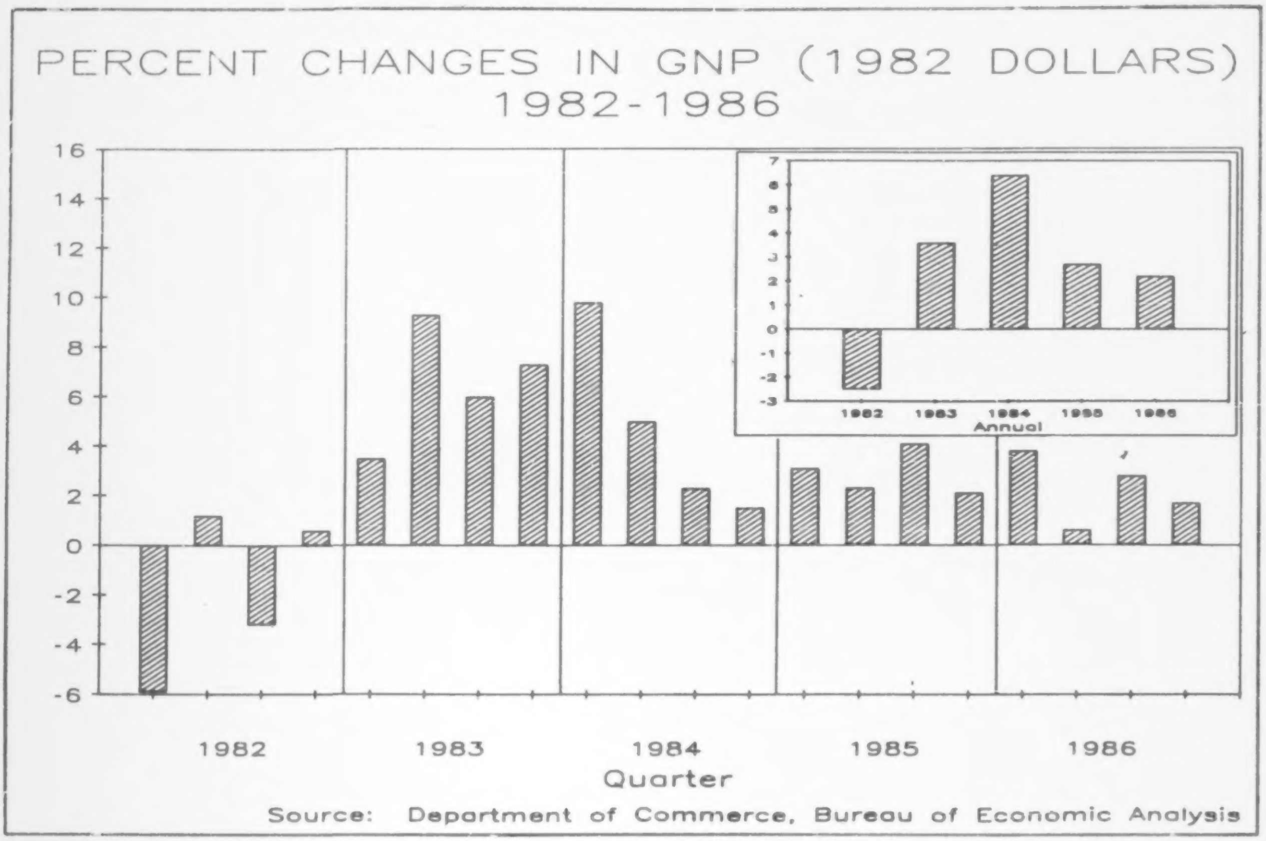
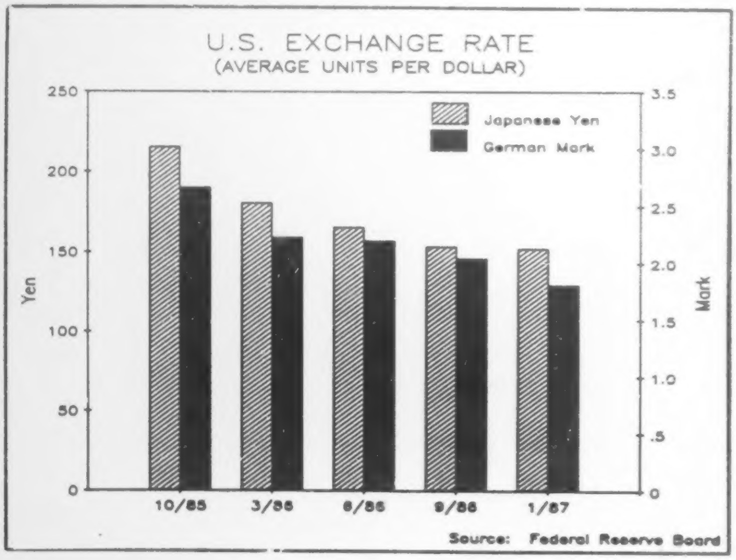

PERCENT CHANGES IN GNP (1982 DOLLARS) 1982-1986

Source: Department of Commerce, Bureau of Economic Analysis

Figure 1: Preliminary statistics show that GNP grew at a 2.2 percent rate during 1986; 1.7 percent during the fourth quarter.

Figure 2: The dollar is falling against two major currencies.


U.S. EXCHANGE RATE
(AVERAGE UNITS PER DOLLAR)

Source: Federal Reserve Board

MARKET FOCUS -- WOOD PALLETS AND CONTAINERS UNDER ATTACK

Although the major markets for wood products are construction-related, wood is also used as a material in manufacturing and shipping. This is a particularly important market segment for hardwood lumber, and is growing in significance for softwood plywood. Specifically, pallets and containers made of wood are commonly used for warehousing and shipping manufactured goods to their destinations. **The wood pallet and container industry represents the largest consumer of hardwood lumber.**

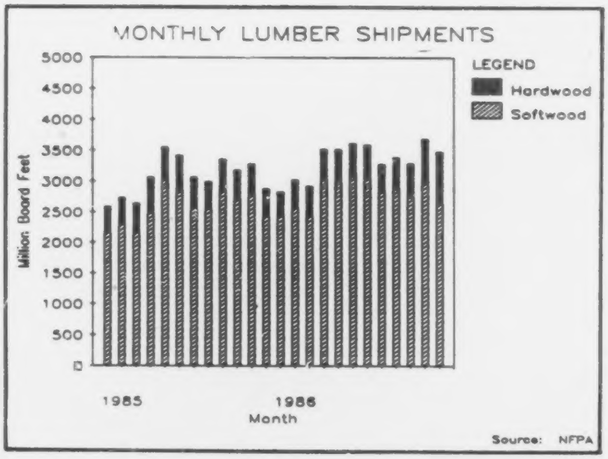
ECONOMICS MONTHLY

MONTHLY STATISTICAL SUPPLEMENT

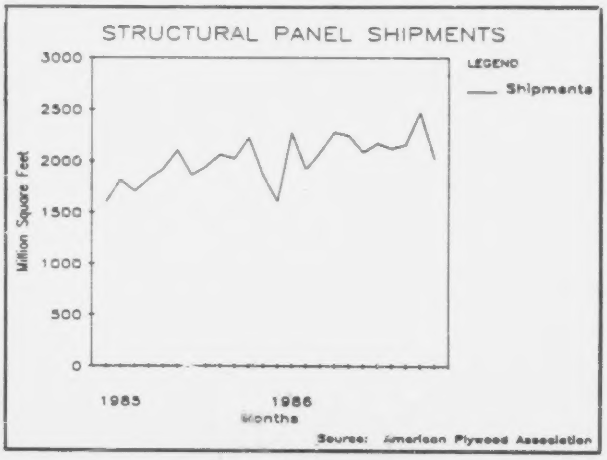
Issued: January, 1987

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	NOVEMBER 1986			NOVEMBER 30, 1986	
	Production	Shipments	Orders Received	Unfilled Orders	Cross Stocks
SOFTWOOD LUMBER		(Million Board Feet)			
Southern Pine Region	846	837	778	721	1,947
Douglas Fir Region	723	691	694	650	1,013
Western Pine Region	841	824	812	519	1,369
California Redwood Region	157	155	173	130	398
Other Softwoods	131	128	126	261	311
TOTAL SOFTWOODS	2,698	2,635	2,583	2,281	5,038
% Change - October 1986	-15.8%	-14.0%	-21.3%	-2.2%	1.3%
% Change - November 1985	9.7%	8.2%	5.8%	15.5%	3.1%
HARDWOOD LUMBER					
Southern Hardwood Region	210	220	244	307	849
Appalachian Hardwood Reg.	257	275	301	*	*
Other Hardwoods	331	350	385	297	828
TOTAL HARDWOODS	798	845	930	604	1,677
% Change - October 1986	20.9%	23.4%	31.2%	16.4%	-2.7%
% Change - November 1985	78.1%	89.5%	99.6%	46.2%	-3.0%
TOTAL LUMBER	3,496	3,480	3,513	2,885	6,715
% Change - October 1986	-9.5%	-7.2%	-11.9%	1.2%	0.2%
% Change - November 1985	20.2%	20.8%	20.8%	20.8%	1.5%
* Included in Other Hardwoods					
FLOORING		(Thousand Feet)			
Oak Flooring (Bd. Ft.)	NA	11,189	NA	7,908	5,534
Maple Flooring (Sq. Ft.)	776	620	705	3,517	1,668
STRUCTURAL PANELS (Sq. Ft.)	2,021,065	1,963,532	1,713,274	634,359	442,000
% Change - October 1986	-16.8%	-20.7%	-26.6%	-28.3%	14.8%
% Change - November 1985	6.4%	5.7%	1.2%	9.5%	1.8%


MONTHLY LUMBER SHIPMENTS

Source: NFPA


STRUCTURAL PANEL SHIPMENTS

Source: American Plywood Association

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YEAR-TO-DATE INDICATORS

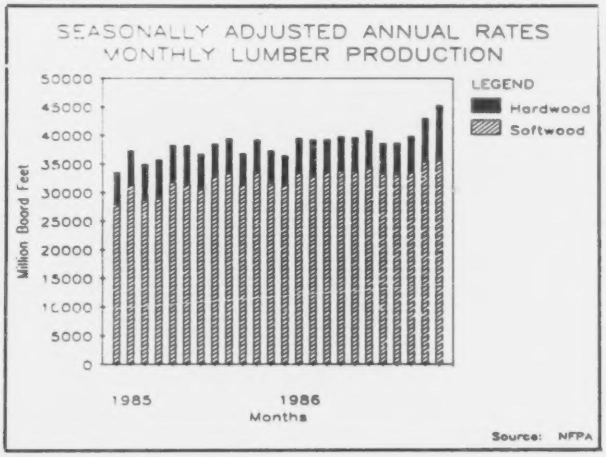
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	11 mos.'86	11 mos.'85	11 mos.'86	11 mos.'85	11 mos.'86	11 mos.'85
			(Million Board Feet)			
TOTAL LUMBER	38,022	9.7%	37,791	10.5%	38,301	11.6%
TOTAL SOFTWOOD	31,955	10.1%	31,682	10.3%	31,981	11.0%
TOTAL HARDWOOD	6,067	7.6%	6,109	11.7%	6,320	15.0%
			(Million Square Feet)			
STRUCTURAL PANELS	23,895	11.2%	23,785	11.4%	23,485	11.2%

SEASONALLY ADJUSTED ANNUAL RATES

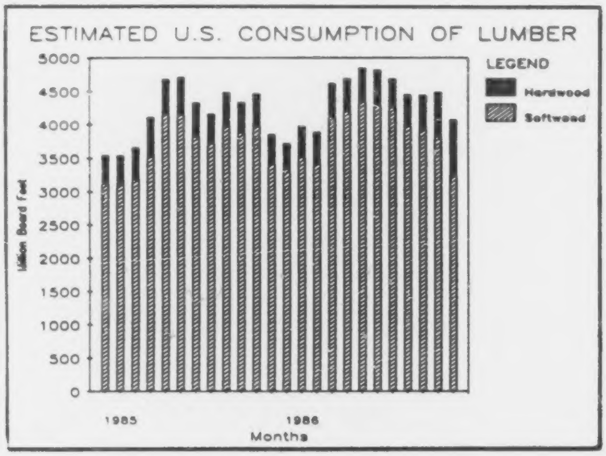
	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	Nov. '86	Oct. '86	Nov. '85	Nov. '86	Oct. '86	Nov. '85
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	11,271	-2.6%	9.1%	10,961	0.8%	4.7%
Douglas Fir	9,618	-2.7%	18.3%	8,950	-1.6%	10.0%
Western Pine	10,774	0.2%	8.9%	9,813	-2.9%	-0.4%
Calif. Redwood	2,260	16.4%	29.6%	2,140	12.9%	20.9%
Other Softwoods	1,726	-0.9%	12.9%	1,611	0.8%	5.7%
TOTAL SOFTWOODS	35,648	-0.7%	12.7%	33,476	-0.3%	5.4%
TOTAL HARDWOODS	9,685	26.9%	69.4%	10,102	22.5%	80.6%
TOTAL LUMBER	45,334	4.2%	21.4%	43,578	4.2%	16.7%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	Nov. '86	Oct. '86	Nov. '85	11 mos.'86	11 mos.'85
			(Million Board Feet)		
Total Consumption	4,070	-10.5%	5.6%	49,461	6.7%
Softwood Consumption	3,237	-16.5%	-5.2%	43,487	6.3%
Hardwood Consumption	833	24.6%	89.8%	5,974	9.9%



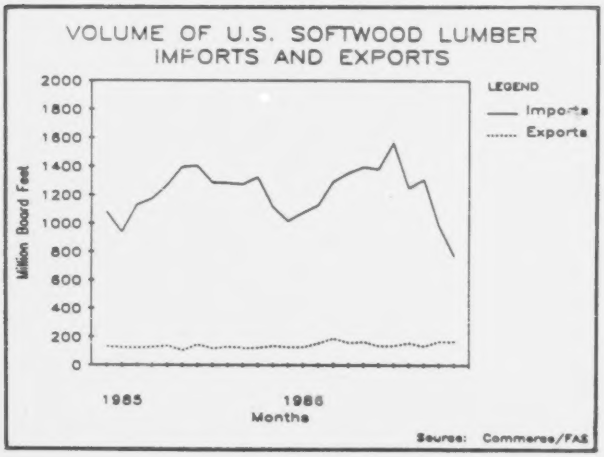
Source: NFPA



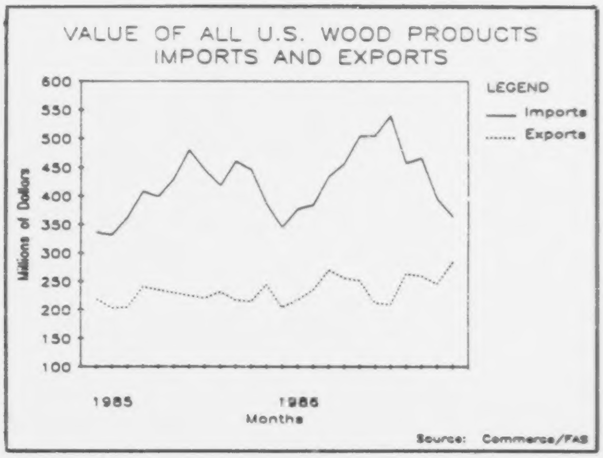
INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		Nov. '86	11 mo. 1986	% Change From Oct. '86	% Change From 11 mo. 1985	Nov. '86	11 mo. 1986	% Change From Oct. '86	% Change From 11 mo. 1985
EXPORTS									
SOFTWOOD LUMBER	MMBF	167.9	1,693.1	-0.5%	21.9%	61,640	575,514	4.5%	26.3%
To Canada	MMBF	26.2	334.6	-5.6%	19.5%	7,094	83,717	-1.9%	19.8%
SOFTWOOD LOGS	MMBF	328.9	3,112.8	31.2%	-10.0%	105,288	1,007,949	30.1%	-7.2%
SOFTWOOD PLYWOOD	MMSF 3/8"	67.9	504.5	145.0%	82.7%	15,411	110,559	134.6%	69.6%
HARDWOOD LUMBER	MMBF	44.7	459.3	-0.6%	24.6%	31,173	311,859	0.0%	36.2%
HARDWOOD LOGS	MMBF	41.7	129.6	338.0%	26.4%	8,326	88,409	-3.3%	7.8%
HARDWOOD VENEER	MMSFsurf	91.2	903.6	5.3%	20.8%	8,263	73,771	5.4%	26.1%
PARTICLEBOARD	MMSF 3/4"	17.1	153.7	-6.2%	41.8%	3,294	30,647	-6.2%	41.6%
ALL OTHER		NA	NA	NA	NA	49,343	489,655	5.2%	9.8%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	283,687	2,698,517	15.7%	9.7%
IMPORTS									
SOFTWOOD LUMBER	MMBF	770.2	13,498.6	-21.6%	-0.7%	138,481	2,823,791	-36.5%	4.7%
From Canada	MMBF	761.2	13,377.6	-21.4%	-1.0%	136,336	2,795,867	-36.8%	4.4%
SOFTWOOD LOGS	MMBF	9.6	51.8	4501.0%	-25.3%	2,451	7,175	6184.6%	-56.3%
SOFTWOOD PLYWOOD	MMSF 3/8"	15.2	123.9	74.8%	54.3%	3,950	32,356	69.0%	63.2%
HARDWOOD LUMBER	MMBF	31.9	321.1	10.1%	-5.7%	15,663	155,478	10.6%	-7.8%
HARDWOOD LOGS	MMBF	0.6	23.6	-65.9%	-6.6%	248	3,899	20.4%	15.0%
HARDWOOD VENEER	MMSFsurf	160.6	1,475.4	45.5%	13.2%	11,549	104,304	32.4%	10.7%
HARDWOOD PLYWOOD	MMSFsurf	442.8	3,567.0	88.2%	8.4%	57,243	451,372	73.8%	10.3%
HARDBOARD	MMSF 1/8"	83.5	803.6	85.1%	12.5%	5,123	52,513	43.5%	9.7%
PARTICLEBOARD	MSF 3/4"	82.3	1,054.0	-3.7%	12.4%	11,782	128,995	-3.3%	-1.0%
ALL OTHER		NA	NA	NA	NA	116,901	1,117,907	14.1%	14.6%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	363,696	4,880,909	-7.9%	6.9%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.


VOLUME OF U.S. SOFTWOOD LUMBER IMPORTS AND EXPORTS

Source: Commerce/FAS


VALUE OF ALL U.S. WOOD PRODUCTS IMPORTS AND EXPORTS

Source: Commerce/FAS

VALUE OF NEW CONSTRUCTION

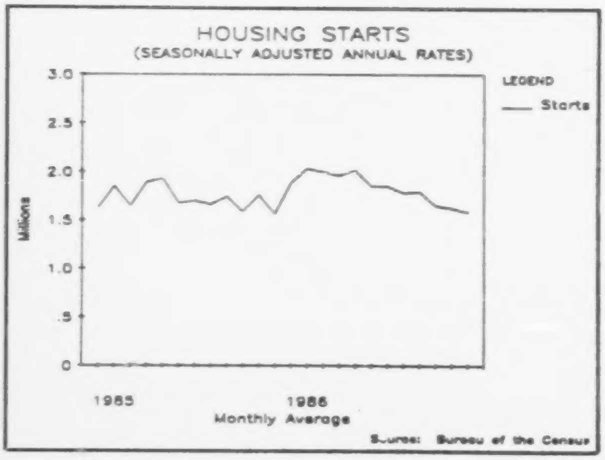
	CURRENT			YEAR-TO-DATE	
	Latest Month Available	---% Change From---		Latest Period Available	% Change From
	Nov. '86	Oct. '86	Nov. '85	11 mo. '86	11 mo. '85
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	32.5	-7.7%	9.2%	347.5	10.0%
Private	26.5	-6.0%	8.9%	281.5	9.3%
Residential	15.4	-6.7%	19.9%	160.8	17.2%
Nonresidential & Other	11.1	-5.1%	-5.9%	120.7	0.2%
Public	6.0	-14.3%	10.6%	66.0	13.4%

HOUSING STARTS

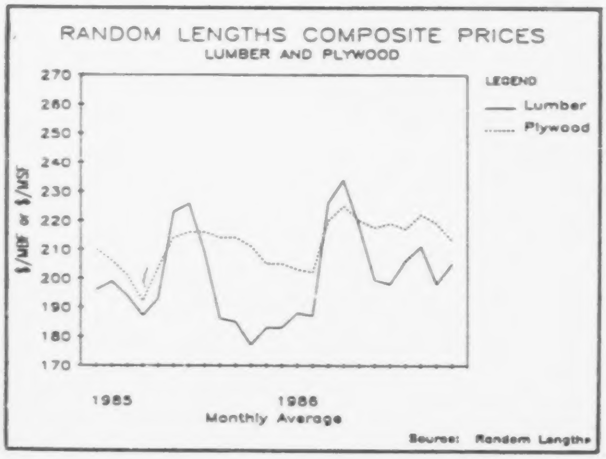
	Nov. '86	Oct. '86	Nov. '85	11 mo. '86	11 mo. '85
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	115.9	-25.2%	-6.6%	1,693.0	4.3%
New Private Starts	115.8	-25.2%	-6.7%	1,691.5	4.3%
Seas. Adj. Annual Rate	1585	-2.6%	-4.2%		
One-Family Housing Starts	77.4	-23.3%	5.4%	1,106.9	10.0%
Proportion of Total	66.8%			65.4%	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	17,200	-25.5%	-17.7%	228,600	-14.3%

INDUSTRY EMPLOYMENT

		----% Change From---	
	Nov. '86	Oct. '86	Nov. '85
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	101,065	0.2%	2.3%
All Manufacturing Industries	19,159	0.2%	-1.1%
Lumber and Wood Products	742	0.7%	4.2%
Furniture and Fixtures	500	0.0%	0.6%


HOUSING STARTS
(SEASONALLY ADJUSTED ANNUAL RATES)

Source: Bureau of the Census


RANDOM LENGTHS COMPOSITE PRICES
LUMBER AND PLYWOOD

Source: Random Lengths

There is an old story that Henry Ford required his suppliers to meet certain specifications for wood shipping containers in the early years of car manufacturing. To reduce costs, they were taken apart and the wood was used for floor boards. And while wood pallets and boxes made of wood have been around for a long time, new product developments are adding to their uses and flexibility. The American Plywood Association has developed a versatile wood container marketed as "Big Bin," an alternative to steel drums.

Background

In 1984, the value of shipments of the wood pallet and container industry amounted to $2 billion. It is not big business in the traditional sense, but there are some 3,000 producers all over the country that specialize in this market niche. In many cases, it is the mainstay of a local business. Most pallet producers ship to customers located within a 100 mile radius of their plants.

Estimates vary as to the volume of hardwood lumber which is consumed for pallets and containers, but they range to as much as 60 percent of all hardwood lumber produced in the United States. A study conducted by Southern Illinois University yielded some figures on the wood pallet and container industry for 1985. According to the study, there were approximately 2,340 pallet firms in the United States in 1985 with the heaviest concentration of firms (30 percent) located in the East North Central region consisting of Michigan, Wisconsin, Ohio and Indiana. The location of pallet firms appears to overlap the nation's industrial belt. In 1985, the industry employed 44,000 workers, with an average of 19 employees per firm. Total pallet production for the year was approximately 450 million pallets. Each firm produced an average of 193,000 pallets in 1985. Thirty-nine percent of the pallet firms also produced wood containers, averaging 1,300 units annually.

The Army "Steels" In

In recent years, makers of plastic and steel pallets have attempted to gain a larger share of the pallet market. These substitute

Table I:
Wood Pallet Firms are located in every region of the U.S.

REGIONAL DISTRIBUTION OF THE WOOD PALLET INDUSTRY, 1985

Region	Number of Firms	Annual Production/ Firm	Daily Production/ Firm	Board Feet/ Pallet	Number Employees/ Firm	% Expendable Pallets/ Firm
		Average				
Pacific	179	511,000	1,777	21.9	34	43
Mountain	52	173,000	695	22.8	21	31
West North Central	181	168,000	720	19.1	18	45
West South Central	176	280,000	1,272	18.4	32	56
East North Central	702	148,000	685	15.5	17	58
East South Central	267	176,000	747	17.3	20	64
New England	156	125,000	502	15.9	10	59
Middle Atlantic	294	169,000	619	16.8	13	53
South Atlantic	333	196,000	902	19.4	24	46
United States	2,340	193,000	835	17.7	19	52

Source: Department of Forestry, Southern Illinois University materials have met with some limited acceptance, but the market has proven wood to be the material of choice. However, a recent decision by the United States Army selecting steel pallets has raised substantial concern among wood pallet and container producers. The military is a significant user of wood pallets for military wares, ordinances and myriad other shipping and warehousing purposes. The Army recently issued a new specification requiring steel pallets for one of its new weapon systems. The new specification applies to the packaging of 120mm tank shells. While only affecting these supplies, it appears that the Army has further plans to switch from wood pallets. The Army has scheduled 1988 purchases of steel and plastic containers for 155mm artillery shells. It has also started to test prototypes and is considering specifications for steel pallets to be used in other systems and for other purposes.

The impact on the wood pallet and container industry is difficult to assess given the decentralized and local characteristics of the industry and military procurement processes. However, industry sources put the military percentage of the total market at 3-4 percent. Accurate figures on the number of pallets and containers that the military purchases are hard to come by because these products are often procured through secondary contractors; that is, the Army buys the weapon and packaging as one unit from the weapon manufacturer so that the latter is the primary buyer of the pallet and/or container, not the Army. But, ultimately it is the Army which supplies the specifications that the pallets and containers must meet.

The Army's major concern over wood pallets and containers is that they do not meet the Nuclear, Biological and Chemical (NBC) decontamination requirements of modern warfare. Proponents of the metal pallets and containers argue that in the event of a nuclear war, metal could be decontaminated whereas wood could not. (One wonders if decontamination of pallets is going to be near the top of the list of priorities in such a disastrous event.) Nevertheless, the wood pallet and container industry is organizing a product development effort in conjunction with the Forest Products Laboratory in Madison, Wisconsin to develop a coating or sealant for wood that would enable it to meet the NBC requirements.

In addition, a study is currently being undertaken by the National Wood Pallet and Container Association to better estimate the size of the military market. It is currently estimated that the dollar value of that business amounts to $50 million per year. Additional sales are made to other suppliers or shippers with military contracts. In the aggregate, it is estimated that the impact of changes in military specifications for pallets and wood packaging could mean the loss of $110 million per year, affecting dozens of firms and employees. This does not take into account the effect on hardwood lumber producers who sell low grade lumber to the pallet manufacturers.

The real importance of these developments is the carry over to other industrial sectors. The food processing, paper, auto and auto parts, and many other industries will be watching closely to see how successfully wood pallet and container producers can maintain the military market. Producers in the industry believe that their product offers considerable flexibility and low cost over substitutes.

3/10/87 A 7570-3

NFPA AN ECONOMICS BULLETIN OF THE FOREST PRODUCTS INDUSTRY

ECONOMICS MONTHLY

Volume III Number 2 February, 1987

MONTHLY STATISTICAL HIGHLIGHTS

Softwood lumber consumption reached a new high during 1986, an estimated 46.8 billion board feet.

U.S. production of softwood lumber also set a new record at 34.7 billion board feet.

The seasonally adjusted annual rate of softwood lumber production was nearly 40 billion board feet in December, 27 percent higher than December, 1985.

Wood products exports exceeded imports in December, for the first time in six years. In 1986, the value of all wood products exported was over $3 billion, up 13.5 percent from 1985.

Softwood lumber imports fell by 40 percent during the fourth quarter, bringing total softwood lumber imports in 1986 to 14.2 billion board feet, a 3 percent decline from 1985.

TRADE LEGISLATION TO MARK 100TH CONGRESS

Trade continues to dominate agendas in Washington, stimulated by the record $170 billion merchandise trade deficit in 1986. Legislative action is expected this spring, and is most likely going to take form as a series of technical changes to existing trade law and export promotion programs. This month, the Administration submitted a set of proposals geared toward enhancing U.S. competitiveness through research and development incentives. Thus, trade and competitiveness have become intertwined in the same policy debate.

The FY88 appropriations process also has a variety of trade implications stemming from the allocations for export promotion and trade enforcement agencies. Needless to say, the wood industry is closely following legislative developments.

Varied Issues Must Be Addressed

The causes and circumstances of America's trade woes are complex and interrelated. They range from the macroeconomic impact of budget deficits and rates of growth in other countries, to the more focused influences of trade policies affecting specific industries. Some of the key issues:

●*Budget Deficits.* One of the underlying factors affecting the U.S. trade imbalance is the budget deficit. According to the President's Council of Economic Advisors (CEA), total public debt in 1986 amounted to $143 billion or 3.4 percent of GNP (the federal deficit plus state and local surpluses). The economy required an equivalent of 19.7 percent of GNP to meet the capital requirements generated by private domestic investment combined with this public debt.

Normally, this requirement would be met by U.S. savings, but gross private savings amounted to only 16.2 percent of GNP. The difference -- 3.5 percent -- had to be derived from other sources, i.e. foreigners (Figure 1). This is the "capital inflow" into the economy. In essence, the budget deficit causes real interest rates to rise to the point where they attract foreign capital. This at least partially explains the increased flow of imports.

Foreigners obtain capital to invest in U.S. instruments by selling their products here. If they can provide quality products at prices that appeal to U.S. consumers, they can in turn generate capital to invest in U.S. financial markets.

The CEA argues that without budget deficit reduction, or an increase in the U.S. savings rate, foreign capital will continue to be necessary and come into the United States in the form of imports.

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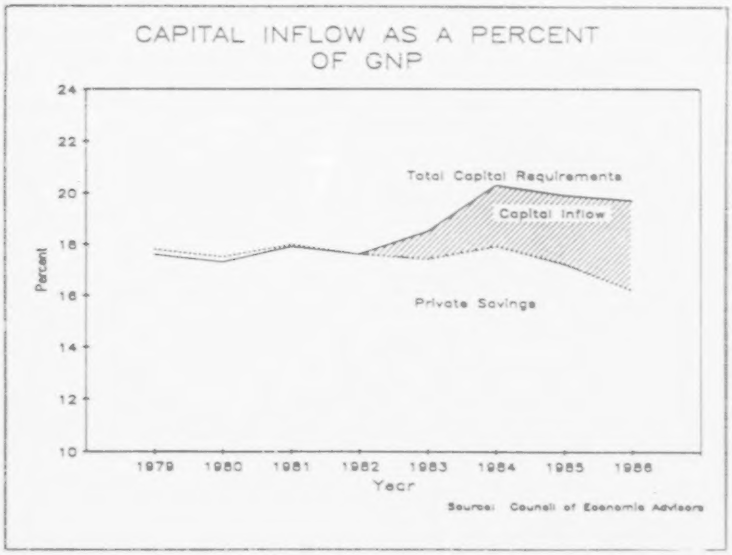
●*Manufacturing Productivity.* There is a measurable difference between U.S. manufacturing productivity and productivity in other industrialized countries. In 1985, for example, output per hour in the United States rose 2.8 percent, while in West Germany it rose 6 percent and in Japan it rose 5 percent. A number of proposals have emerged which attempt to address this problem through investment and R & D incentives. The link between productivity and international competitiveness has been of somewhat greater concern in industries other than wood products, where the productivity trend in recent years has been more favorable, increasing at twice the national average.

●*Exchange Rates.* Exchange rates are perhaps the most perplexing of all trade issues. Many consider the appreciation of the dollar between 1980 and 1985 to be a leading cause of America's trade deficit. A strong dollar makes U.S. exports more expensive to foreigners. The subsequent decline of the value of the dollar has not had the desired effect. There may be a lag of two years or more before its influence is felt. More likely, while the dollar has fallen *vis a vis* some currencies, it has not depreciated against currencies of other countries with which the U.S. has significant trade (Canada, Mexico, Singapore, Taiwan to name a few).

Figure 1:
Private savings have been insufficient to meet U.S. capital demand. Foreign capital -- capital inflow -- has been making up the slack.



Source: Council of Economic Advisors

Exchange rate stability is generally regarded as a worthwhile policy objective, but difficult to implement without direct governmental interference. Secretary of Treasury Baker met this month with the economic ministers of Japan, West Germany, France, United Kingdom and Canada, to seek consensus on exchange rate intervention. The meeting produced a general agreement to maintain exchange rates at approximately current levels. West Germany and Japan also agreed to take measures to stimulate their respective economies. It is hoped that this will lead to increased purchases of U.S. goods and services.

●*International Debt.* The debt problems of many non-industrialized countries further exacerbate U.S. efforts to export. Shortages of foreign currency and mounting interest payments reduce their ability to purchase U.S. goods and services. Total external debt of developing countries exceeds $1 trillion and has been increasing every year. One of the major debtor nations is Brazil which this month placed a moratorium on debt payments.

●*Unfair Trade Practices.* Many in Congress have long been critical of the Administration's handling of unfair trade complaints. Proposals to tighten trade remedy laws and enforcement measures are almost certainly going to be part of a final legislative package, even though the Administration has been

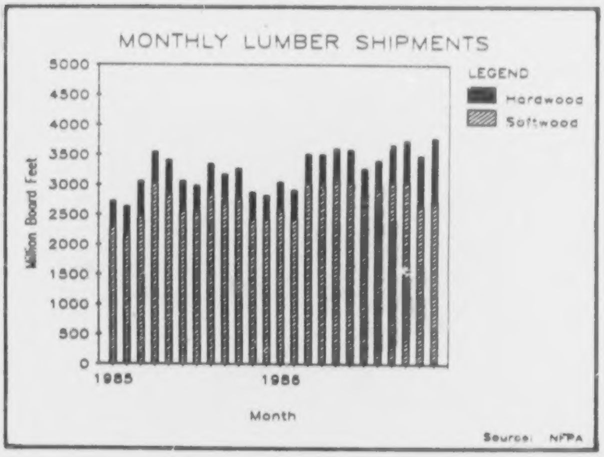
ECONOMICS MONTHLY

MONTHLY STATISTICAL SUPPLEMENT

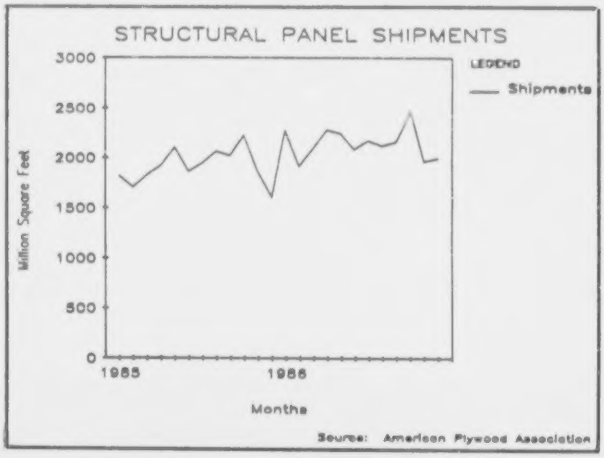
Issued: February, 1987

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	DECEMBER 1986			DECEMBER 30, 1986	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER		(Million Board Feet)			
Southern Pine Region	833	775	765	710	2,007
Douglas Fir Region	759	783	801	668	989
Western Pine Region	864	895	828	452	1,338
California Redwood Region	146	149	149	130	395
Other Softwoods	133	133	130	258	311
TOTAL SOFTWOODS	2,735	2,735	2,673	2,218	5,040
% Change - November 1986	0.7%	3.2%	2.9%	-2.7%	0.0%
% Change - December 1985	18.7%	12.7%	9.8%	11.9%	5.8%
HARDWOOD LUMBER					
Southern Hardwood Region	170	195	165	277	824
Appalachian Hardwood Reg.	350	423	401	*	*
Other Hardwoods	368	438	401	238	685
TOTAL HARDWOODS	888	1,056	967	515	1,509
% Change - November 1986	11.3%	25.0%	4.0%	-14.7%	-10.0%
% Change - December 1985	124.8%	161.4%	152.5%	31.4%	-12.2%
TOTAL LUMBER	3,623	3,791	3,640	2,733	6,549
% Change - November 1986	3.1%	8.4%	3.2%	-5.2%	-2.5%
% Change - December 1985	34.2%	33.9%	29.2%	15.1%	1.0%
* Included in Other Hardwoods					
FLOORING		(Thousand Feet)			
Oak Flooring (Bd. Ft.)	NA	12,179	NA	7,533	7,351
Maple Flooring (Sq. Ft.)	859	793	910	3,299	1,419
STRUCTURAL PANELS (Sq. Ft.)	2,083,210	1,996,734	2,008,757	383,666	392,000
% Change - November 1986	3.1%	1.7%	17.2%	-39.5%	28.1%
% Change - December 1985	24.0%	24.4%	20.1%	-33.8%	-9.7%



Source: NFPA



Source: American Plywood Association

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YEAR-TO-DATE INDICATORS

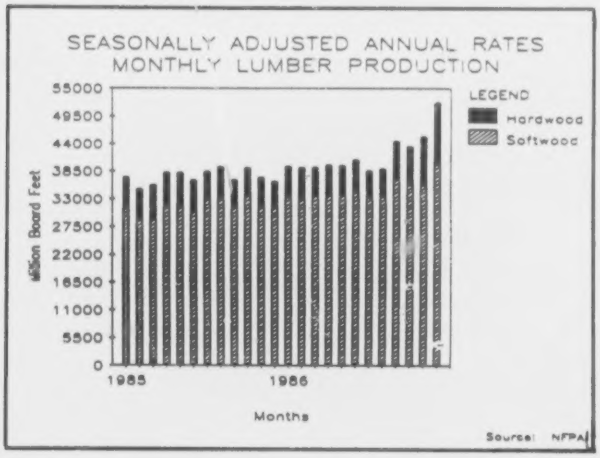
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	12 mos.'86	12 mos.'85	12 mos.'86	12 mos.'85	12 mos.'86	12 mos.'85
			(Million Board Feet)			
TOTAL LUMBER	41,680	11.6%	41,615	12.4%	41,973	13.0%
TOTAL SOFTWOOD	34,725	10.9%	34,450	10.6%	34,686	11.0%
TOTAL HARDWOOD	6,955	15.3%	7,165	22.0%	7,287	24.0%
			(Million Square Feet)			
STRUCTURAL PANELS	25,978	12.1%	25,781	12.3%	25,493	11.8%

SEASONALLY ADJUSTED ANNUAL RATES

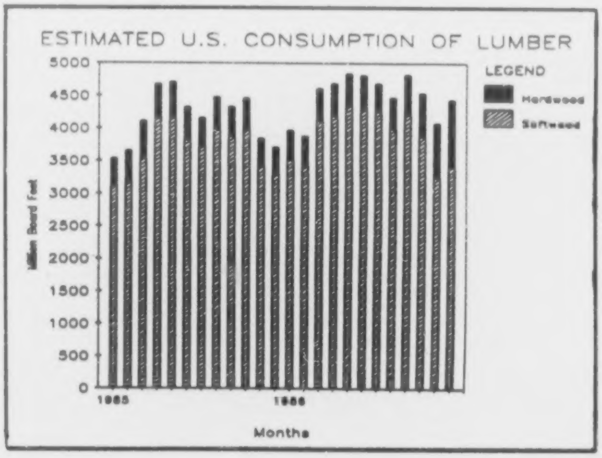
	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	Dec. '86	Nov. '86	Dec. '85	Dec. '86	Nov. '86	Dec. '85
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	11,772	2.5%	16.1%	10,843	-2.8%	3.5%
Douglas Fir	11,515	19.7%	37.7%	10,693	19.5%	19.5%
Western Pine	12,502	16.0%	25.8%	12,116	23.5%	13.3%
Calif. Redwood	2,295	1.6%	62.4%	2,001	-6.5%	11.3%
Other Softwoods	1,902	9.4%	28.8%	1,781	9.7%	13.7%
TOTAL SOFTWOODS	39,986	11.5%	27.6%	37,434	11.1%	11.8%
TOTAL HARDWOODS	12,318	27.2%	137.8%	14,397	42.5%	166.4%
TOTAL LUMBER	52,304	14.8%	43.3%	51,831	18.4%	33.3%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	Dec. '86	Nov. '86	Dec. '85	12 mos.'86	12 mos.'85
		(Million Board Feet)			
Total Consumption	4,330	6.0%	16.6%	53,824	7.5%
Softwood Consumption	3,291	1.2%	-0.7%	46,811	5.8%
Hardwood Consumption	1,039	24.8%	159.7%	7,013	20.2%


SEASONALLY ADJUSTED ANNUAL RATES
MONTHLY LUMBER PRODUCTION

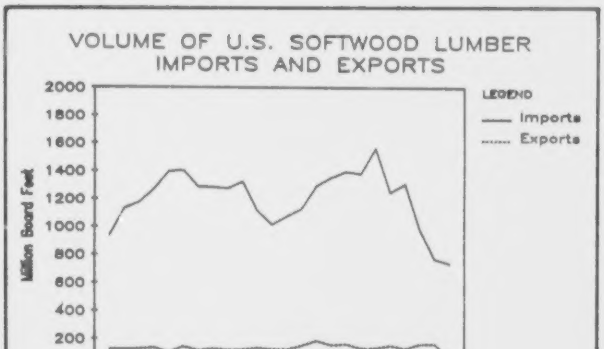
Source: NFPA


ESTIMATED U.S. CONSUMPTION OF LUMBER

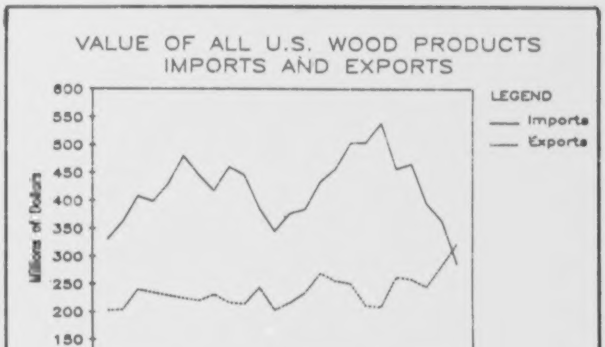
INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		Dec. '86	12 mo. 1986	% Change From Nov. '86	% Change From 12 mo. 1985	Dec. '86	12 mo. 1986	% Change From Nov. '86	% Change From 12 mo. 1985
EXPORTS									
SOFTWOOD LUMBER	MMBF	183.9	1,877.0	9.5%	23.9%	68,300	643,814	10.8%	29.7%
To Canada	MMBF	26.1	360.7	-0.6%	20.7%	7,132	90,849	0.5%	22.2%
SOFTWOOD LOGS	MMBF	375.7	3,488.5	14.2%	-6.5%	121,421	1,129,370	15.3%	-3.4%
SOFTWOOD PLYWOOD	MMSF 3/8"	91.1	595.6	34.2%	85.2%	20,754	131,313	34.7%	74.6%
HARDWOOD LUMBER	MMBF	38.9	498.3	-12.8%	25.5%	25,278	337,137	-18.9%	36.2%
HARDWOOD LOGS	MMBF	9.2	138.9	-77.8%	24.9%	8,856	97,265	6.4%	6.7%
HARDWOOD VENEER	MMSFsurf	92.2	995.8	1.1%	25.6%	7,993	81,764	-3.3%	31.4%
PARTICLEBOARD	MMSF 3/4"	18.3	172.0	6.5%	44.8%	3,719	34,366	12.9%	42.2%
ALL OTHER		NA	NA	NA	NA	64,375	554,030	30.5%	15.1%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	323,684	3,022,201	14.1%	13.5%
IMPORTS									
SOFTWOOD LUMBER	MMBF	739.6	14,238.2	-4.0%	-2.5%	137,234	2,961,025	-0.9%	2.4%
From Canada	MMBF	723.2	14,100.8	-5.0%	-2.8%	135,277	2,931,144	-0.8%	2.1%
SOFTWOOD LOGS	MMBF	0.3	52.1	-96.4%	-26.4%	44	7,219	-98.2%	-57.2%
SOFTWOOD PLYWOOD	MMSF 3/8"	7.7	131.6	-49.2%	50.8%	1,806	34,162	-54.3%	56.8%
HARDWOOD LUMBER	MMBF	25.8	346.9	-19.1%	-4.6%	12,819	168,297	-18.2%	-6.7%
HARDWOOD LOGS	MMBF	2.7	26.4	331.9%	-7.2%	155	4,054	-37.5%	7.4%
HARDWOOD VENEER	MMSFsurf	128.5	1,603.9	-20.0%	14.7%	10,024	114,328	-13.2%	12.3%
HARDWOOD PLYWOOD	MMSFsurf	238.5	3,805.5	-46.1%	8.1%	33,143	484,515	-42.1%	9.9%
HARDBOARD	MMSF 1/8"	51.6	855.2	-38.3%	9.3%	3,586	56,099	-30.0%	7.9%
PARTICLEBOARD	MSF 3/4"	79.2	1,133.1	-3.8%	11.1%	7,644	136,639	-35.1%	-3.6%
ALL OTHER		NA	NA	NA	NA	79,862	1,197,769	-31.7%	13.4%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	286,532	5,167,441	-21.2%	5.3%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.



Source: Commerce/FAS



Source: Commerce/FAS

VALUE OF NEW CONSTRUCTION

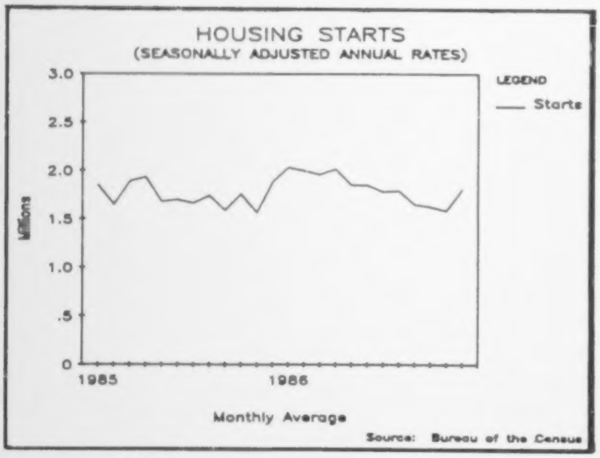
	CURRENT			YEAR-TO-DATE	
	Latest Month Available	---% Change From---		Latest Period Available	% Change From
	Dec. '86	Nov. '86	Dec. '85	12 mo. '86	12 mo. '85
		(Billions of Dollars)			
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	28.9	-11.3%	6.0%	376.5	9.6%
Private	23.8	-10.5%	4.7%	305.4	8.8%
Residential	13.3	-14.7%	19.0%	174.3	17.4%
Nonresidential & Other	10.5	-4.5%	34.5%	131.1	2.2%
Public	5.1	-15.0%	12.6%	71.1	13.5%

HOUSING STARTS

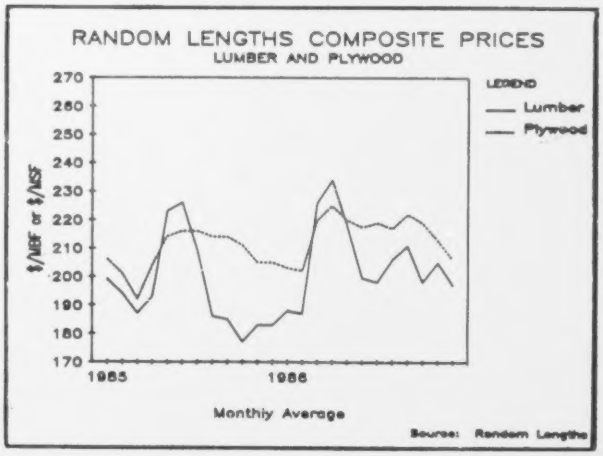
	Dec. '86	Nov. '86	Dec. '85	12 mo. '86	12 mo. '85
		(Thousands of Units)			
NEW HOUSING UNITS STARTED					
Total Private & Public	113.6	-2.0%	-5.7%	1,806.6	3.6%
New Private Starts	113.5	-2.0%	-5.8%	1,805.0	3.6%
Seas. Adj. Annual Rate	1,808.0	14.1%	-3.9%		
One-Family Housing Starts	72.1	-6.8%	9.2%	1,179.0	10.0%
Proportion of Total	63.5%			65.3%	
		(Number of Units)			
SHIPMENTS OF MOBILE HOMES	15,800	-8.1%	-6.5%	244,400	-13.8%

INDUSTRY EMPLOYMENT

	Dec. '86	----% Change From--- Nov. '86	Dec. '85
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	101,334	0.3%	2.3%
All Manufacturing Industries	19,190	0.2%	-1.3%
Lumber and Wood Products	749	0.9%	4.8%
Furniture and Fixtures	501	0.2%	0.4%



Source: Bureau of the Census



Source: Random Lengths

more significantly aggressive in enforcing countervailing duty and other remedy laws. The wood products industry was a beneficiary of two such endeavors during 1986. The shakes and shingles industry received a reprieve from import competition under a Section 201 (temporary relief from injury) decision, and the softwood lumber sector will be aided by an agreement reached between the U.S. and Canadian governments over timber subsidies.

●*Negotiating Authority.* As a matter of law, Congress must delegate authority to the president to enter into multilateral trade agreements. The president is seeking further authority through the new round of GATT discussions and the free trade talks with Canada.

●*Export Promotion.* Expansion of existing export promotion programs will be proposed as will new export oriented marketing programs at the state level. For wood products, the relevant programs include the Foreign Agriculture Service wood products marketing activities and export credit guarantees and loans to developing countries through the Commodity Credit Corporation and Export/Import Bank. The wood products industry is seeking full implementation of existing agricultural export incentives for wood products.

●*Industry Specific Relief.* Politically, the greatest pressure for trade legislation is arising out of industries severely impacted by imports, notably textiles, footwear and steel. The Congress passed, but the President vetoed, a restrictive trade bill in 1985 which would have established quotas for imports of textiles. Enactment of that law almost certainly would have led to retaliatory measures by the affected countries. That is the basic argument against protectionist legislation. It runs a high risk of backfiring, either by substituting one target country for another, or by alleviating problems in one industry while damaging the export prospects of another.

The Complex, Not the Simple

It has become apparent that the causes of America's trade problems are deep-rooted. They go beyond the simple statistics showing imports far outpacing exports to underlying economic trends intertwined with America's productivity and the federal fiscal deficit, and specific trade-related policies.

For wood products producers, the implications of trade policy are significant. Exports are one of the fastest growing markets for wood products. Protectionist efforts designed to curtail U.S. imports by imposing quotas or tariffs on certain products might result in retaliatory measures against U.S. exports, including wood products. On the other hand, credit and loan guarantee programs for less developed countries and export marketing programs have been shown to be effective vehicles for promoting wood exports.

Whatever the outcome from Congress, 1987 may turn out to be viewed as the year of trade.

THE YEAR -- 1986 -- IN REVIEW

After several tenuous years, the wood products industry experienced an "economic recovery" during 1986. Most companies finally profited from demand levels which reached new records now for three consecutive years. U.S. producers benefited from a drop in softwood lumber imports during the fourth quarter, which resulted in regaining market share and higher production.

U.S. softwood lumber production reached a record level, surpassing the previous record year of 1978. The market expanded for structural panels as well, with production and consumption also at new records. Other highlights of the year:

- U.S. softwood lumber production totaled an estimated 34.7 billion board feet. This was up 10 percent from 1985, and was 8 percent higher than in 1978. Production reached record levels in almost all regions.

- Softwood lumber consumption also set a new record for the third year in a row, finishing the year at an estimated 46.8 billion board feet.

- Imports of softwood lumber experienced the first decline in volume since 1982, and the first decline in market share since 1979. Canadian imports accounted for 30 percent of consumption in 1986, compared with 32.8 percent in 1985.

- Structural panel production reached a new high, estimated at 25.9 billion square feet for the year.

- Continued restructuring in the industry resulted in several new mergers and/or acquisitions. Among the companies which changed hands were: Hammermill Paper Company (purchased by International Paper Company), Kirby Forest Industries (purchased by Louisiana Pacific), Pacific Lumber (purchased by Maxxam Group), and S.W. Forest Industries (purchase announced by Stone Container). Other companies added new mills or acquired timberland.

- The U.S. and Canada reached an historic agreement on softwood lumber resulting in a 15 percent export tax on Canadian shipments to the U.S.

- The U.S. trade deficit also reached historic proportions, approaching $170 billion. In 1986, the U.S. merchandise trade deficit increased by 14 percent. The wood products trade deficit actually declined in 1986 by 4.5 percent over 1985. Wood products exports increased by 13.5 percent.

- Housing starts reached 1.81 million units during 1986, with 65 percent in single-family dwellings. Starts have averaged over 1.75 million units over the past four years.

- Exports of wood products were particularly strong to Europe during 1986. Structural panel exports to the European countries rose a dramatic 86 percent, and softwood lumber exports to Europe were up 24 percent. Southern pine shipments to Europe increased 35 percent.

- The Random Lengths softwood lumber composite rose to an average of $206/MBF for the year, a 6 percent increase over 1985.

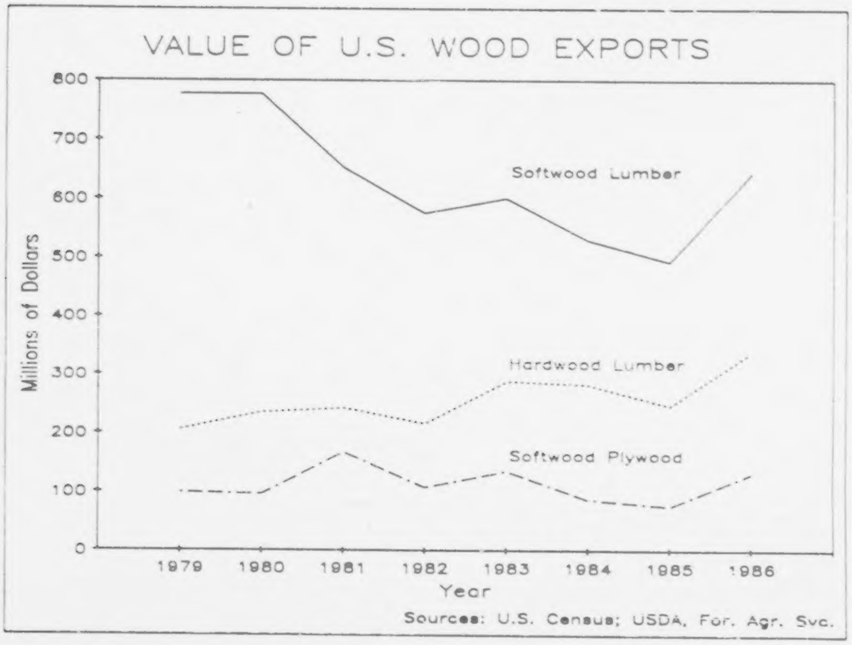
- Tax law underwent a major overhaul with potentially long-lasting implications for all sectors of the economy. Forest management will continue to benefit from the deductibility of management expenses and the availability of a reforestation tax credit for qualifying landowners, but it loses the advantages of a capital gains differential which was eliminated. In general, corporations will be paying higher taxes as a result of the changes.

- The harvest on federal forests reached 11.8 billion board feet in 1986, the highest level since 1973. Since only 10.9 billion board feet was sold during the year, and 9.7 billion board feet was returned under the buyout program, the backlog of uncut volume under contract now stands at its lowest point in over 20 years.

ECONOMICS MONTHLY

QUARTERLY STATISTICAL SUPPLEMENT

Issued: February, 1987



Sources: U.S. Census; USDA, For. Agr. Svc.

U.S. wood products exports increased during 1986 -- softwood lumber up 29.7 percent; hardwood lumber up 36 percent; softwood plywood up 36 percent.

ESTIMATED REGIONAL SOURCES OF DOMESTIC LUMBER CONSUMPTION (Net Imports Allocated)

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
1976	7,641	12,069	10,820	1,981	3,575	36,086	3,054	3,387	6,441	42,527
1977	8,774	14,081	11,626	2,026	4,302	40,809	3,158	3,732	6,890	47,699
1978	9,096	15,133	11,559	1,849	5,003	42,640	3,242	3,755	6,997	49,637
1979	9,060	14,248	10,553	1,729	5,018	40,608	3,342	3,597	6,939	47,547
1980	7,757	11,461	8,509	1,563	4,542	33,832	3,028	3,244	6,272	40,104
1981	8,177	10,828	7,760	1,463	3,836	32,064	3,202	2,653	5,855	37,919
1982	8,232	10,381	7,316	1,327	3,917	31,173	2,031	3,066	5,098	36,270
1983	10,233	14,108	8,848	1,558	4,995	39,742	2,121	3,276	5,397	45,138
1984*										
1ST QUARTER	2,488	3,854	2,284	416	1,308	10,350	621	888	1,509	11,859
2ND QUARTER	2,727	3,965	2,564	425	1,405	11,085	610	948	1,558	12,643
3RD QUARTER	2,682	4,070	2,430	410	1,466	11,058	628	824	1,452	12,510
4TH QUARTER	2,505	3,782	2,329	393	1,355	10,363	600	718	1,317	11,681
TOTAL YEAR	10,402	15,672	9,606	1,643	5,534	42,857	2,459	3,377	5,836	48,693
1985*										
1ST QUARTER	2,367	3,747	2,017	378	1,310	9,818	631	872	1,503	11,321
2ND QUARTER	2,920	4,462	2,601	488	1,650	12,121	672	939	1,612	13,733
3RD QUARTER	2,700	4,240	2,684	429	1,535	11,590	618	779	1,397	12,986
4TH QUARTER	2,493	3,944	2,446	384	1,448	10,714	613	710	1,323	12,037
TOTAL YEAR	10,480	16,393	9,748	1,679	5,942	44,243	2,534	3,300	5,834	50,077
1986*										
1ST QUARTER	2,768	4,079	2,362	374	1,478	11,061	690	730	1,421	12,482
2ND QUARTER	2,979	4,733	2,837	558	1,737	12,844	657	869	1,526	14,370
3RD QUARTER	2,971	4,424	2,916	491	1,679	12,481	627	898	1,525	14,006
4TH QUARTER	2,596	3,481	2,705	469	1,174	10,425	613	1,928	2,541	12,966
TOTAL YEAR	11,313	16,718	10,820	1,892	6,068	46,811	2,588	4,425	7,013	53,824

* SUBJECT TO REVISION
** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHERS.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

ESTIMATED REGIONAL LUMBER PRODUCTION, SHIPMENTS AND NEW ORDERS

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	APPALACHIAN HARDWOOD	OTHER HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
PRODUCTION											
1976	7,893	8,372	9,789	2,001	1,638	29,693	3,037	1,173	2,217	6,427	36,120
1977	8,879	8,796	10,309	2,000	1,753	31,737	3,073	1,211	2,417	6,701	38,438
1978	9,231	8,845	10,033	1,902	2,046	32,057	3,258	1,233	2,540	7,031	39,088
1979	9,283	8,427	9,780	1,818	2,124	31,432	3,462	1,263	2,589	7,314	38,746
1980	8,217	6,815	7,613	1,589	2,012	26,246	3,341	1,221	2,552	7,115	33,361
1981	8,415	6,270	7,147	1,452	1,392	24,676	3,374	1,237	1,641	6,252	30,928
1982	8,754	5,743	6,681	1,300	1,309	23,787	2,061	602	2,398	5,062	28,849
1983	10,181	7,934	8,488	1,580	1,543	29,726	2,345	785	2,514	5,644	35,370
1984*											
1ST QUARTER	2,620	2,337	2,252	435	391	8,035	645	267	663	1,575	9,610
2ND QUARTER	2,787	2,264	2,429	444	404	8,328	651	297	689	1,637	9,965
3RD QUARTER	2,692	1,985	2,213	407	373	7,670	697	241	682	1,620	9,290
4TH QUARTER	2,575	1,743	2,098	378	347	7,141	649	180	601	1,430	8,571
TOTAL YEAR	10,674	8,329	8,992	1,664	1,515	31,174	2,642	985	2,635	6,262	37,436
1985*											
1ST QUARTER	2,471	1,970	2,009	448	353	7,251	635	248	625	1,508	8,759
2ND QUARTER	2,906	2,016	2,415	457	397	8,175	700	279	692	1,671	9,846
3RD QUARTER	2,771	2,039	2,539	445	398	8,192	657	218	620	1,495	9,687
4TH QUARTER	2,582	2,037	2,323	386	375	7,703	635	159	567	1,359	9,062
TOTAL YEAR	10,730	8,062	9,276	1,736	1,523	31,321	2,628	904	2,506	6,031	37,352
1986*											
1ST QUARTER	2,801	2,196	2,329	443	397	8,166	715	141	606	1,462	9,628
2ND QUARTER	3,041	2,291	2,640	510	433	8,915	691	236	656	1,583	10,498
3RD QUARTER	3,010	2,193	2,851	498	436	8,988	658	258	648	1,564	10,552
4TH QUARTER	2,753	2,328	2,667	487	421	8,656	600	773	973	2,346	11,002
TOTAL YEAR	11,605	9,008	10,487	1,938	1,687	34,725	2,664	1,408	2,883	6,955	41,680
SHIPMENTS											
1976	7,782	8,293	9,744	2,044	1,679	29,542	3,032	1,171	2,214	6,417	35,959
1977	8,932	8,781	10,295	2,075	1,759	31,842	3,114	1,225	2,450	6,789	38,631
1978	9,226	8,906	10,067	1,884	2,051	32,134	3,248	1,230	2,530	7,008	39,142
1979	9,255	8,412	9,696	1,760	2,111	31,234	3,326	1,216	2,487	7,029	38,263
1980	8,018	6,821	7,807	1,590	2,012	26,248	3,119	1,142	2,387	6,648	32,896
1981	8,398	6,270	7,183	1,501	1,395	24,737	3,315	1,182	1,600	6,097	30,834
1982	8,464	5,793	6,775	1,349	1,303	23,684	2,127	634	2,488	5,249	28,935
1983	10,214	7,802	8,264	1,582	1,528	29,390	2,312	829	2,708	5,849	35,239
1984*											
1ST QUARTER	2,527	2,196	2,126	421	372	7,642	643	265	660	1,568	9,210
2ND QUARTER	2,780	2,263	2,395	440	402	8,280	639	289	675	1,603	9,883
3RD QUARTER	2,718	2,038	2,284	415	381	7,836	654	219	634	1,507	9,343
4TH QUARTER	2,549	1,912	2,209	397	362	7,429	619	167	571	1,357	8,785
TOTAL YEAR	10,574	8,409	9,014	1,673	1,517	31,186	2,555	940	2,540	6,035	37,221
1985*											
1ST QUARTER	2,404	1,914	1,914	381	338	6,951	633	245	622	1,500	8,451
2ND QUARTER	2,964	2,131	2,441	492	410	8,438	677	276	656	1,609	10,047
3RD QUARTER	2,740	2,003	2,546	433	394	8,116	628	191	598	1,417	9,533
4TH QUARTER	2,536	2,029	2,320	389	371	7,645	631	157	559	1,347	8,992
TOTAL YEAR	10,644	8,077	9,221	1,695	1,513	31,150	2,569	869	2,435	5,873	37,023
1986*											
1ST QUARTER	2,810	2,171	2,282	377	394	8,034	704	138	596	1,438	9,472
2ND QUARTER	3,029	2,399	2,739	560	446	9,173	681	230	645	1,556	10,729
3RD QUARTER	3,011	2,069	2,788	494	428	8,790	666	262	657	1,585	10,375
4TH QUARTER	2,642	2,276	2,652	472	411	8,453	642	872	1,072	2,586	11,039
TOTAL YEAR	11,492	8,916	10,461	1,903	1,676	34,450	2,693	1,502	2,970	7,165	41,615
NEW ORDERS											
1976	7,779	8,377	9,760	2,067	1,687	29,670	3,015	1,165	2,200	6,380	36,050
1977	8,970	8,712	10,331	2,119	1,762	31,894	3,163	1,244	2,488	6,895	38,789
1978	9,273	8,894	9,946	1,847	2,043	32,003	3,288	1,239	2,560	7,087	39,090
1979	9,273	8,388	9,630	1,664	2,098	31,053	3,250	1,184	2,429	6,863	37,916
1980	7,964	6,791	7,730	1,563	1,996	26,044	3,060	1,118	2,338	6,516	32,560
1981	8,433	6,200	7,076	1,501	1,387	24,597	3,341	1,198	1,617	6,156	30,753
1982	8,510	5,976	6,880	1,388	1,325	24,079	2,123	650	2,495	5,268	29,335
1983	10,417	7,864	8,350	1,573	1,544	29,748	2,344	834	2,741	5,919	35,667
1984*											
1ST QUARTER	2,426	2,346	2,173	401	375	7,721	679	277	695	1,651	9,372
2ND QUARTER	2,752	2,072	2,311	397	385	7,917	585	285	632	1,502	9,419
3RD QUARTER	2,694	2,055	2,325	426	383	7,883	631	212	614	1,457	9,340
4TH QUARTER	2,470	1,823	2,202	416	353	7,264	629	170	579	1,378	8,642
TOTAL YEAR	10,342	8,296	9,011	1,640	1,496	30,785	2,524	944	2,520	5,988	36,773
1985*											
1ST QUARTER	2,358	1,935	1,920	391	339	6,942	659	246	641	1,546	8,488
2ND QUARTER	2,974	2,105	2,528	502	415	8,524	653	258	644	1,555	10,079
3RD QUARTER	2,864	2,012	2,506	394	397	8,173	638	207	598	1,443	9,616
4TH QUARTER	2,567	1,992	2,293	395	370	7,617	624	156	553	1,333	8,950
TOTAL YEAR	10,763	8,044	9,247	1,682	1,520	31,256	2,574	867	2,436	5,877	37,133
1986*											
1ST QUARTER	2,897	2,291	2,403	431	409	8,431	757	146	639	1,542	9,973
2ND QUARTER	2,965	2,206	2,642	529	427	8,769	674	224	636	1,534	10,303
3RD QUARTER	2,972	2,214	2,848	463	435	8,932	664	275	666	1,605	10,537
4TH QUARTER	2,689	2,347	2,587	515	416	8,554	647	879	1,080	2,606	11,160
TOTAL YEAR	11,523	9,058	10,480	1,938	1,687	34,686	2,742	1,524	3,021	7,287	41,973

* SUBJECT TO REVISION.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING

7

IMPORTS AND EXPORTS OF LUMBER

IMPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS											
	DOUGLAS FIR	OTHER FIR	HEMLOCK	SPRUCE	PINE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES (SAWED)	TOTAL LUMBER
1976	744.2	91.3	1,083.8	4,116.0	1,305.4	480.2	8.7	121.2	7,950.8	228.2	8.2	8,187.2
1977	990.7	299.4	1,219.2	5,361.6	1,795.5	537.7	22.2	154.0	10,380.3	341.1	7.4	10,728.8
1978	976.2	508.9	1,219.8	6,312.9	1,916.9	657.5	41.8	190.6	11,824.6	361.4	12.3	12,198.3
1979	827.3	588.3	912.3	6,740.4	1,182.5	637.8	35.4	193.7	11,117.7	376.2	29.3	11,523.2
1980	559.0	440.8	627.8	6,167.9	1,023.9	543.4	20.7	156.6	9,540.1	293.2	31.3	9,864.6
1981	483.3	534.7	467.0	6,010.7	941.7	574.4	17.0	175.9	9,204.7	291.1	24.9	9,520.7
1982	504.3	460.7	293.9	6,341.2	801.6	[illegible]	28.8	147.4	9,118.5	211.0	26.5	9,356.0
1983	600.3	708.6	416.7	8,354.4	919.8	664.1	73.5	239.9	11,977.4	260.5	12.5	12,250.4
1984												
1ST QUARTER	140.1	151.1	135.0	2,152.8	240.7	190.9	9.4	75.6	3,095.6	85.7	3.1	3,184.4
2ND QUARTER	137.1	168.6	96.8	2,390.5	251.8	136.3	9.0	59.3	3,249.4	87.1	6.6	3,343.1
3RD QUARTER	147.5	264.4	140.5	2,551.2	225.8	200.7	8.9	72.8	3,612.0	73.9	8.0	3,693.9
4TH QUARTER	178.2	181.0	142.6	2,377.0	183.4	176.1	7.7	67.3	3,313.2	81.0	6.5	3,400.7
TOTAL YEAR	603.0	765.1	514.9	9,471.4	901.6	704.1	35.0	275.0	13,270.2	327.7	24.2	13,622.2
1985												
1ST QUARTER	154.6	189.1	171.1	2,257.0	165.8	210.2	26.9	66.9	3,241.6	105.9	3.2	3,350.7
2ND QUARTER	205.9	200.0	185.6	2,907.4	237.9	233.3	10.2	89.2	4,069.3	96.1	11.8	4,177.2
3RD QUARTER	247.4	236.0	151.0	2,685.4	215.0	203.7	14.0	89.3	3,841.8	85.3	7.7	3,934.8
4TH QUARTER	157.1	166.8	136.2	2,543.6	198.6	160.7	16.0	76.1	3,455.1	76.3	5.1	3,536.4
TOTAL YEAR	765.1	791.8	643.9	10,393.4	817.2	807.9	67.1	321.5	14,607.8	363.6	27.7	14,999.1
1986												
1ST QUARTER	157.2	166.5	128.4	2,571.0	152.3	208.1	27.3	87.2	3,498.0	95.6	3.8	3,597.4
2ND QUARTER	179.1	238.0	154.9	2,957.5	180.3	269.8	30.4	119.1	4,129.1	88.9	10.0	4,228.0
3RD QUARTER	225.7	254.6	140.1	2,967.9	222.3	207.3	18.7	82.3	4,118.9	75.8	5.4	4,200.1
4TH QUARTER	124.1	108.9	65.0	1,892.6	113.7	115.4	26.0	46.4	2,492.1	86.6	4.0	2,582.7
TOTAL YEAR	686.2	768.0	488.4	10,389.1	668.7	800.6	102.4	334.9	14,238.1	346.9	23.2	14,608.2

EXPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS												
	DOUGLAS FIR	SOUTHERN PINE	PONDEROSA/ WHITE PINE	REDWOOD	HEMLOCK	SPRUCE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES \4 (SAWED)	TOTAL \5 LUMBER
1976	571.7	141.4	214.0	61.3	294.2	165.5	60.7	75.7	----	1,584.5	225.5	30.9	1,840.9
1977	488.3	157.8	195.0	48.1	264.2	150.7	61.3	47.0	----	1,412.4	226.1	19.2	1,657.7
1978	456.9	130.5	136.9	34.3	272.5	135.4	59.2	120.1	23.1	1,368.9	320.1	25.8	1,714.8
1979	505.4	195.1	147.7	30.1	463.7	151.1	56.0	179.4	16.2	1,744.7	306.6	90.5	2,141.8
1980	520.8	261.4	168.1	27.3	511.2	136.4	62.0	248.6	20.2	1,956.0	378.6	128.3	2,462.9
1981	509.0	211.2	223.8	37.7	390.2	141.4	66.9	280.6	16.8	1,877.6	405.7	88.8	2,372.1
1982	457.2	231.8	140.8	22.5	391.7	124.9	40.5	206.0	14.8	1,630.2	356.2	34.4	2,020.8
1983	559.3	208.4	197.3	24.0	376.2	113.9	46.8	207.8	10.8	1,744.5	478.2	47.2	2,269.9
1984													
1ST QUARTER	136.8	39.1	46.9	5.5	77.8	24.9	10.7	42.8	2.9	387.5	117.4	30.9	535.9
2ND QUARTER	159.3	53.5	45.0	15.1	81.8	19.8	10.1	56.0	3.8	444.2	129.3	9.4	582.9
3RD QUARTER	131.7	35.7	46.0	5.2	84.8	25.6	9.7	47.8	3.1	389.7	112.4	24.6	526.7
4TH QUARTER	104.3	44.1	36.3	4.4	93.1	27.7	8.7	56.1	3.1	377.9	107.4	19.7	505.0
TOTAL YEAR	532.1	172.4	174.1	30.1	337.4	98.1	39.2	202.7	13.1	1,599.3	466.5	84.6	2,150.4
1985													
1ST QUARTER	117.5	37.0	37.8	3.4	101.5	21.1	6.3	47.0	2.8	374.4	102.7	3.6	480.7
2ND QUARTER	130.4	44.4	42.1	3.8	83.2	17.2	7.0	55.2	2.8	385.9	97.3	7.7	490.9
3RD QUARTER	113.2	39.5	44.4	3.5	78.2	14.2	6.4	65.5	3.2	368.1	96.3	17.1	481.4
4TH QUARTER	114.4	43.5	43.4	5.0	101.5	8.4	7.8	61.0	1.9	387.0	100.8	4.5	492.3
TOTAL YEAR	475.6	164.4	167.7	15.7	364.4	60.8	27.4	228.7	10.6	1,515.4	397.1	32.9	1,945.3
1986													
1ST QUARTER	135.9	42.2	49.7	2.9	130.1	24.6	5.8	76.2	2.4	470.9	112.0	4.5	587.4
2ND QUARTER	130.1	50.3	54.9	2.1	121.0	23.2	7.8	66.0	2.4	457.9	122.8	6.0	586.7
3RD QUARTER	106.3	40.1	60.8	2.8	115.4	19.0	12.4	66.7	4.2	427.7	135.0	6.1	568.8
4TH QUARTER	140.1	45.1	43.9	3.1	165.5	27.2	11.2	80.4	3.1	520.5	128.5	6.7	655.8
TOTAL YEAR	512.4	178.6	209.4	10.9	532.0	94.0	38.2	289.4	12.0	1,877.0	498.3	23.3	2,398.6

1. Sawed timber, board planks and scantlings, flooring, box shook and railroad ties.
2. Includes siding and softwood lumber drilled or treated. Beginning 1978 includes siding and flooring. For exports, figures not available prior to 1978.
3. Includes hardwood flooring, siding and hardwood lumber drilled or treated.
4. Includes a small amount of hewn railroad ties. Beginning with 1978 includes mine timber.
5. Includes box shook: 1973 - 4.4 mbf; 1974 - 6.1 mbf; 1975 - 4.1 mbf; 1976 - 6.0 mbf; 1977 - 5.[illegible] mbf. Beginning with 1978 box shook is reported in appropriate species.

SOURCE: Foreign Agricultural Service, U.S. Department of Agriculture, Forest Products Division, BIE, U.S. DOC, from data of the Foreign Trade Division.

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

ESTIMATED GROSS LUMBER MILL STOCKS AND UNFILLED ORDERS BY REGION

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
GROSS MILL STOCKS										
DECEMBER 31ST										
1976	1,245	949	1,315	434	272	4,214	451	432	885	5,099
1977	1,192	964	1,329	359	265	4,109	412	[illegible]	857	4,966
1978	1,197	903	1,295	377	260	4,032	422	398	820	4,852
1979	1,225	918	1,379	435	273	4,230	558	547	1,105	5,335
1980	1,424	912	1,185	434	273	4,228	780	732	1,512	5,740
1981	1,451	912	1,149	385	270	4,167	851	876	1,727	5,894
1982	1,741	862	1,055	326	276	4,260	775	[illegible]	1,531	[illegible]
1983	1,708	994	1,279	334	291	4,606	[illegible]	[illegible]	[illegible]	[illegible]
1984*										
1ST QUARTER	1,801	1,131	1,405	348	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2ND QUARTER	1,808	1,136	1,439	352	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3RD QUARTER	1,782	1,083	1,368	344	304	4,881	[illegible]	[illegible]	1,088	[illegible]
4TH QUARTER	1,808	914	1,257	325	290	4,594	[illegible]	[illegible]	[illegible]	[illegible]
1985*										
1ST QUARTER	1,875	970	1,352	392	305	4,894	[illegible]	[illegible]	1,569	6,463
2ND QUARTER	1,817	855	1,316	351	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3RD QUARTER	1,848	891	1,309	363	298	4,709	949	[illegible]	[illegible]	[illegible]
4TH QUARTER	1,994	899	1,312	360	290	4,765	851	[illegible]	[illegible]	6,484
1986*										
1ST QUARTER	1,885	921	1,259	426	306	4,797	[illegible]	[illegible]	[illegible]	[illegible]
2ND QUARTER	1,897	813	1,260	[illegible]	253	4,639	874	[illegible]	[illegible]	[illegible]
3RD QUARTER	1,896	937	1,323	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4TH QUARTER	2,007	989	1,336	395	317	5,044	824	[illegible]	[illegible]	[illegible]
ESTIMATED UNFILLED ORDERS										
DECEMBER 31ST										
1976	450	634	554	227	264	2,129	243	157	400	2,529
1977	488	565	590	271	267	2,181	292	214	506	2,687
1978	535	553	469	234	259	2,050	332	253	585	2,635
1979	553	529	402	138	246	1,868	254	163	417	2,285
1980	499	499	326	111	237	1,665	187	[illegible]	287	[illegible]
1981	544	429	219	111	222	1,525	229	116	345	1,871
1982	590	612	324	150	244	1,920	221	144	365	2,285
1983	793	674	410	141	260	2,278	253	182	435	2,713
1984*										
1ST QUARTER	692	824	451	121	263	2,351	288	220	508	2,859
2ND QUARTER	664	633	373	78	246	1,994	235	182	417	2,410
3RD QUARTER	640	650	414	84	248	2,036	212	155	367	2,403
4TH QUARTER	561	561	407	108	240	1,877	222	166	388	2,265
1985*										
1ST QUARTER	515	582	417	119	240	1,873	248	186	434	2,307
2ND QUARTER	525	556	500	128	245	1,954	224	156	380	2,334
3RD QUARTER	649	565	460	89	248	2,011	234	172	406	2,417
4TH QUARTER	680	528	433	95	247	1,983	227	165	392	2,375
1986*										
1ST QUARTER	766	645	554	149	265	2,379	290	226	496	2,875
2ND QUARTER	702	452	457	118	246	1,975	273	201	474	2,449
3RD QUARTER	663	597	517	87	253	2,117	282	213	495	2,612
4TH QUARTER	710	668	452	130	258	2,218	277	238	515	2,733
UNFILLED ORDERS IN RELATION TO GROSS MILL STOCKS (Unfilled Orders As Percentage of Mill Stocks)										
1976	36%	67%	42%	52%	97%	51%	54%	36%	45%	50%
1977	41%	59%	44%	75%	101%	53%	71%	56%	63%	55%
1978	45%	61%	36%	62%	100%	51%	79%	64%	71%	54%
1979	45%	58%	29%	32%	90%	44%	46%	30%	38%	43%
1980	35%	55%	28%	26%	84%	39%	25%	11%	18%	34%
1981	37%	47%	19%	29%	82%	37%	27%	14%	20%	32%
1982	34%	71%	31%	45%	88%	45%	29%	19%	24%	39%
1983	46%	68%	32%	42%	89%	49%	36%	29%	33%	46%
1984*										
1ST QUARTER	38%	73%	33%	35%	85%	47%	41%	36%	39%	46%
2ND QUARTER	37%	56%	26%	22%	79%	40%	33%	28%	30%	39%
3RD QUARTER	36%	60%	30%	26%	82%	42%	28%	21%	25%	35%
4TH QUARTER	31%	61%	32%	33%	83%	41%	20%	22%	25%	40%
1985*										
1ST QUARTER	27%	60%	31%	30%	79%	38%	31%	24%	28%	36%
2ND QUARTER	29%	65%	38%	36%	84%	42%	27%	19%	23%	37%
3RD QUARTER	35%	63%	35%	25%	84%	43%	28%	20%	24%	38%
4TH QUARTER	36%	59%	33%	26%	82%	42%	27%	19%	23%	37%
1986*										
1ST QUARTER	41%	70%	41%	35%	87%	49%	32%	25%	28%	43%
2ND QUARTER	37%	56%	36%	31%	84%	43%	31%	22%	27%	38%
3RD QUARTER	35%	64%	39%	23%	84%	44%	31%	25%	28%	40%
4TH QUARTER	35%	68%	34%	33%	83%	44%	34%	35%	34%	42%

* SUBJECT TO REVISION.

** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHER.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

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NFPA AN ECONOMICS BULLETIN OF THE FOREST PRODUCTS INDUSTRY

ECONOMICS MONTHLY

Volume III Number 3 March, 1987

MONTHLY STATISTICAL HIGHLIGHTS

Total lumber production in January was up 4.4 percent. New orders were up 18 percent for softwoods, and 31 percent for hardwoods.

The seasonally adjusted annual rate of california redwood shipments was 33.1 percent higher in January than in January, 1986.

Housing starts during February were at a seasonally adjusted annual rate of 1.85 million units. Single-family starts accounted for 70 percent.

January's employment in the lumber and wood products industry was 5 percent higher than in January, 1986.

ECONOMY WATCH -- GNP REVISED DOWNWARD

The Commerce Department revised downward its estimate for economic growth during the fourth quarter, 1986 to 1.1 percent, making the revised growth rate for the year a sluggish 2.5 percent. Housing was one of the leaders in the economy last year, and appears to be a sustaining influence thus far this year as well. The annual rate of housing starts during the first two months of this year averaged 1.83 million units, with 70 percent in single-family.

New orders for durable goods jumped by 6 percent in February, after declining dramatically in January. New orders were bolstered by defense-related spending since factory orders for non-defense capital goods experienced a decline. However, wood products orders appear to be maintaining a strong pace. January's numbers showed an increase of 18 percent over December in new orders for softwood lumber. Unfilled orders for softwood lumber as a percentage of gross stocks was 50 percent in January, higher than the 40 percent average during 1986. This percentage is a measure of the turnover rate represented by filling orders out of inventories. A higher percentage means that the pace of new orders is faster than the creation of inventories. Generally, this is indicative of a firm market (higher prices) for goods.

R&R Market Upbeat

The Commerce Department also reported that expenditures for residential upkeep and improvements during the first half of 1986 were running 14 percent ahead of 1985 (there is a six month lag in these statistics). Repair and remodeling accounts for approximately 30 percent of overall demand for softwood lumber. The booming R&R market helps explain the record demand for wood products in 1986.

Along similar lines, the January issue of Building Supply Home Centers magazine reports that there are some 347 companies operating building supply home centers. They operated 7,727 stores in 1986 with average sales of $3.8 million. On average, over one-third of the sales volume was in wood products. Indicative of trends, the number of outlets has increased in the past few years (by 237 stores in 1986 alone). And it appears that the largest firms -- the top 20 -- are accounting for an increasing number of stores.

A NOTE ON TRADE DATA

The Commerce Department is delaying release of January's trade data until sometime in April. Therefore, this month's statistical insert is incomplete. We have been informed that the delay is for this month only, and that the Department plans to resume its normal statistical release schedule with the February statistics.

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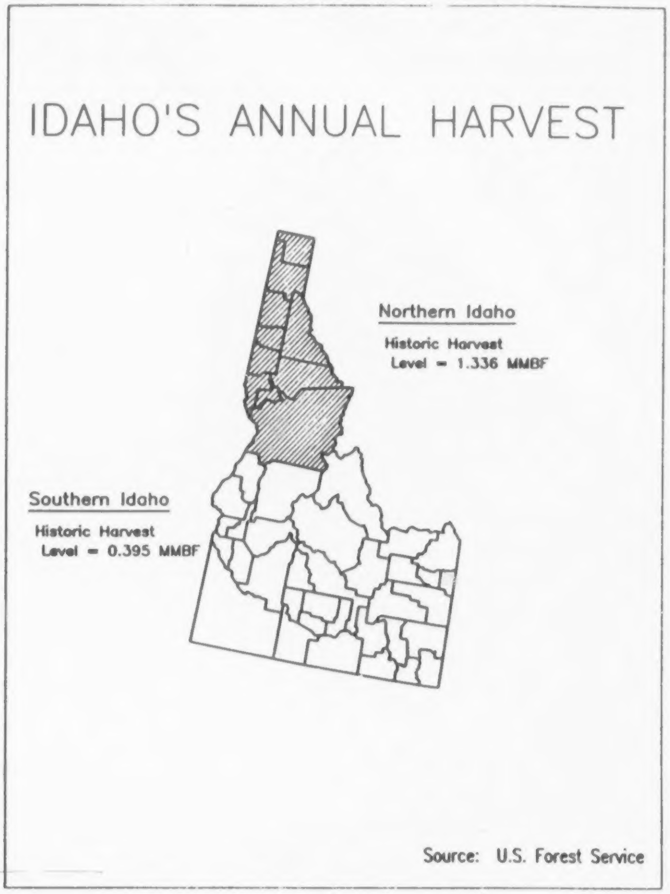
STATE FOCUS - IDAHO TIMBER SUPPLY IN QUESTION

The forest-based industry plays a vital role in the economy of Idaho, employing nearly 13,000 people. Lumber and wood products alone is the second largest manufacturing sector in the state, trailing the agricultural-based food processing industry. In 1984, the value of shipments for the forest-based industry exceeded $1.5 billion, with the lion's share of that amount attributable to solid wood products (lumber, plywood, etc.). Public forests supporting this activity are the subject of considerable controversy. The management and prospective management of the ten federal forests covering, 20.3 million acres in the state, bear directly on its future.


IDAHO'S ANNUAL HARVEST
Northern Idaho
Historic Harvest Level = 1.336 MMBF
Southern Idaho
Historic Harvest Level = 0.395 MMBF

Source: U.S. Forest Service

Figure 1: Idaho's timber inventory and harvest were analyzed for two regions.

Long-term plans for each forest under the National Forest Management Planning Act are in varying stages of completion. While the overall planning process is broadly guided by the Washington office of the Forest Service, the actual planning activities, for the most part, are conducted independently. Until recently, there were no specific requirements for the plans to consider the outputs of the national forests in the context of other ownerships in the same economic region. Realizing that this was becoming a problem in analyzing the proposed timber sale programs in the forest plans, then *USDA Assistant Secretary Peter Meyers* directed the Chief of the Forest Service to assess how:

> ·*the proposed sales level of one national forest cumulatively relates to those of other forests within the economic region; and*
>
> ·*the total national forest sales level relates to supply projections from other ownerships.*

He directed specifically that forest plans in the State of Idaho not be finalized until such an assessment was made. The outgrowth of this directive is a completed study published as *A Report on Idaho's Timber Supply.*

The Basic Dilemma

The fundamental problem in Idaho is that the private industrial and nonindustrial lands, which account for about 25 percent of the state's timberland, have been supplying 40 to 50 percent of the annual harvest during the past decade. Inventories on these lands suggest that their contribution will

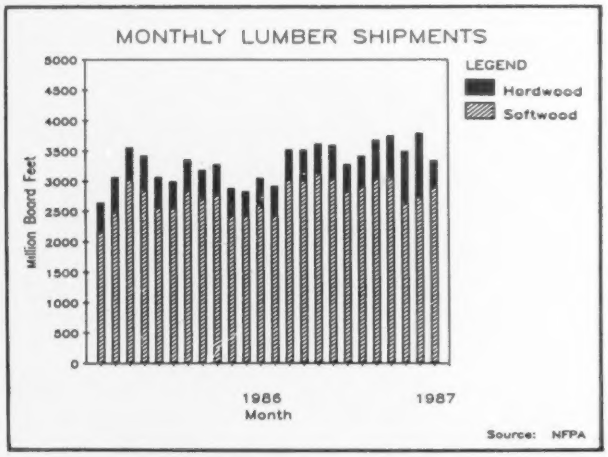
ECONOMICS MONTHLY

MONTHLY STATISTICAL SUPPLEMENT

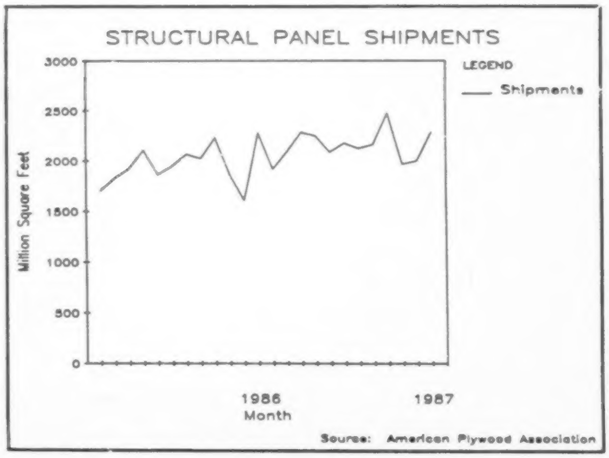
Issued: March, 1987

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	JANUARY 1987			JANUARY 31, 1987	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER		(Million Board Feet)			
Southern Pine Region	966	984	1082	808	1,992
Douglas Fir Region	790	779	867	756	1,000
Western Pine Region	840	853	955	554	1,325
California Redwood Region	182	165	179	144	412
Other Softwoods	119	120	133	271	310
TOTAL SOFTWOODS	2,897	2,901	3,216	2,533	5,039
% Change - December 1986	4.0%	4.3%	18.1%	14.2%	-0.1%
% Change - January 1986	7.5%	12.9%	19.1%	19.8%	3.0%
HARDWOOD LUMBER					
Southern Hardwood Region	189	212	233	298	801
Appalachian Hardwood Reg.	43	51	52	*	*
Other Hardwoods	164	186	202	254	655
TOTAL HARDWOODS	396	449	487	552	1,456
% Change - December 1986	7.3%	5.2%	31.3%	8.9%	-11.5%
% Change - January 1986	-15.9%	-2.0%	-3.4%	26.0%	-15.9%
TOTAL LUMBER	3,293	3,350	3,703	3,086	6,495
% Change - December 1986	4.4%	4.4%	19.7%	13.2%	-2.9%
% Change - January 1986	4.0%	10.7%	15.5%	20.9%	-1.9%
* Included in Other Hardwoods					
FLOORING		(Thousand Feet)			
Oak Flooring (Bd. Ft.)	NA	12,411	NA	8,268	7,083
Maple Flooring (Sq. Ft.)	1,013	765	707	3,791	1,846
STRUCTURAL PANELS (Sq. Ft.)	2,254,566	2,282,952	2,473,876	837,306	354,000
% Change - December 1986	8.2%	14.3%	23.2%	29.5%	-7.3%
% Change - January 1986	-1.7%	0.2%	8.8%	44.6%	-1.1%



Source: NFPA



Source: American Plywood Association

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YEAR-TO-DATE INDICATORS

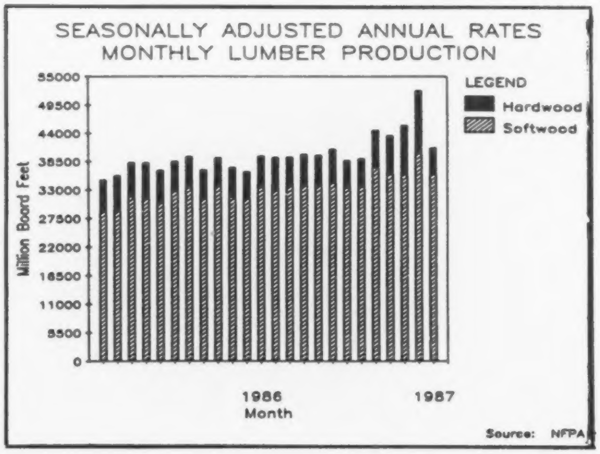
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	1 mo.'87	1 mo.'86	1 mo.'87	1 mo.'86	1 mo.'87	1 mo.'86
	(Million Board Feet)					
TOTAL LUMBER	3,293	4.0%	3,350	10.7%	3,703	15.5%
TOTAL SOFTWOOD	2,897	7.5%	2,901	12.9%	3,216	19.1%
TOTAL HARDWOOD	396	-15.9%	449	-2.0%	487	-3.4%
	(Million Square Feet)					
STRUCTURAL PANELS	2,255	-1.7%	2,283	0.2%	2,474	8.8%

SEASONALLY ADJUSTED ANNUAL RATES

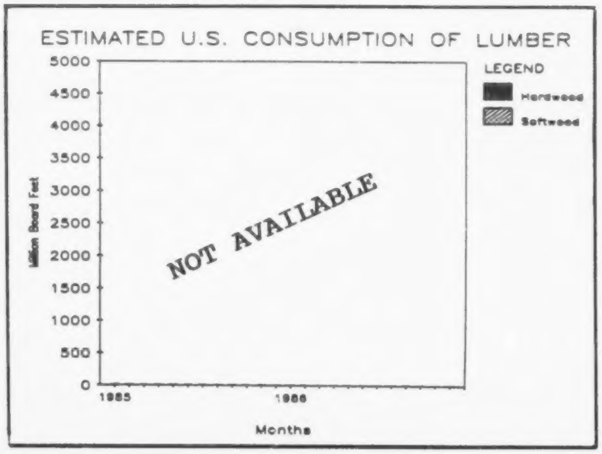
	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	Jan. '87	Dec. '86	Jan. '86	Jan. '87	Dec. '86	Jan. '86
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	12,054	-3.3%	1.5%	12,859	12.1%	4.6%
Douglas Fir	9,438	-18.0%	12.2%	9,948	-7.0%	14.9%
Western Pine	10,878	-13.0%	12.0%	11,391	-6.0%	21.7%
Calif. Redwood	2,090	-8.9%	14.5%	2,096	4.7%	33.1%
Other Softwoods	1,480	-23.3%	-9.2%	1,567	-13.3%	-4.0%
TOTAL SOFTWOODS	35,941	-11.7%	7.4%	37,861	-0.6%	12.9%
TOTAL HARDWOODS	5,137	0.4%	-15.9%	5,669	-2.6%	-2.0%
TOTAL LUMBER	41,078	-10.4%	3.8%	43,530	-0.9%	10.7%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	Jan. '87	Dec. '86	Jan. '86	1 mo.'87	1 mo.'86
	(Million Board Feet)				
Total Consumption	NA	NA	NA	NA	NA
Softwood Consumption	"	"	"	"	"
Hardwood Consumption	"	"	"	"	"



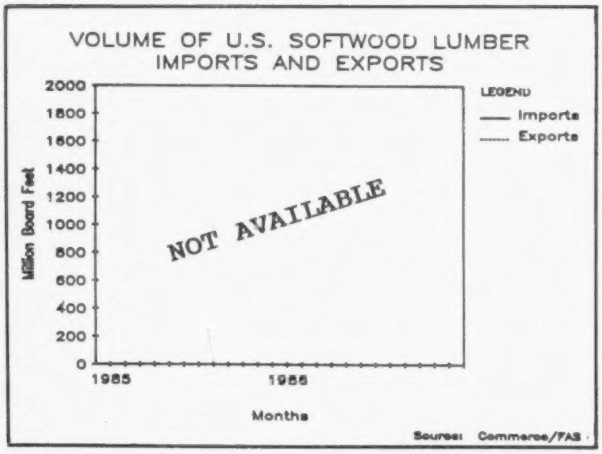
Source: NFPA



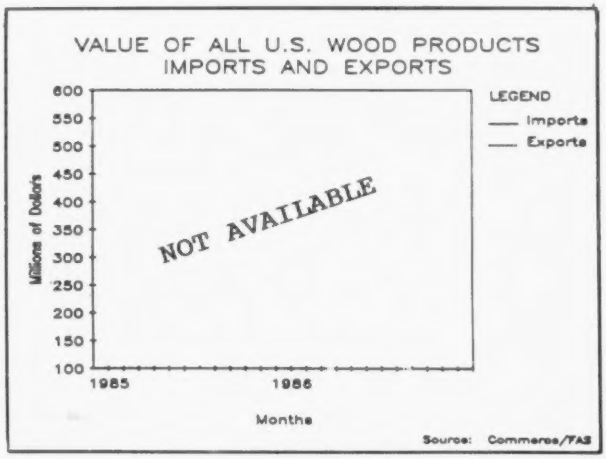
INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		Jan. '87	1 mo. 1987	% Change From Dec. '86	% Change From 1 mo. 1986	Jan. '87	1 mo. 1987	% Change From Dec. '86	% Change From 1 mo. 1986
EXPORTS -------									
SOFTWOOD LUMBER	MMBF	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
To Canada	MMBF	"	"	"	"	"	"	"	"
SOFTWOOD LOGS	MMBF	"	"	"	"	"	"	"	"
SOFTWOOD PLYWOOD	MMSF 3/8"	"	"	"	"	"	"	"	"
HARDWOOD LUMBER	MMBF	"	"	"	"	"	"	"	"
HARDWOOD LOGS	MMBF	"	"	"	"	"	"	"	"
HARDWOOD VENEER	MMSFsurf	"	"	"	"	"	"	"	"
PARTICLEBOARD	MMSF 3/4"	"	"	"	"	"	"	"	"
ALL OTHER		"	"	"	"	"	"	"	"
TOTAL U.S. EXPORTS		"	"	"	"	"	"	"	"
IMPORTS -------									
SOFTWOOD LUMBER	MMBF	"	"	"	"	"	"	"	"
From Canada	MMBF	"	"	"	"	"	"	"	"
SOFTWOOD LOGS	MMBF	"	"	"	"	"	"	"	"
SOFTWOOD PLYWOOD	MMSF 3/8"	"	"	"	"	"	"	"	"
HARDWOOD LUMBER	MMBF	"	"	"	"	"	"	"	"
HARDWOOD LOGS	MMBF	"	"	"	"	"	"	"	"
HARDWOOD VENEER	MMSFsurf	"	"	"	"	"	"	"	"
HARDWOOD PLYWOOD	MMSFsurf	"	"	"	"	"	"	"	"
HARDBOARD	MMSF 1/8"	"	"	"	"	"	"	"	"
PARTICLEBOARD	MSF 3/4"	"	"	"	"	"	"	"	"
ALL OTHER		"	"	"	"	"	"	"	"
TOTAL U.S. IMPORTS		"	"	"	"	"	"	"	"

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.


VOLUME OF U.S. SOFTWOOD LUMBER IMPORTS AND EXPORTS

Source: Commerce/FAS


VALUE OF ALL U.S. WOOD PRODUCTS IMPORTS AND EXPORTS

Source: Commerce/FAS

VALUE OF NEW CONSTRUCTION

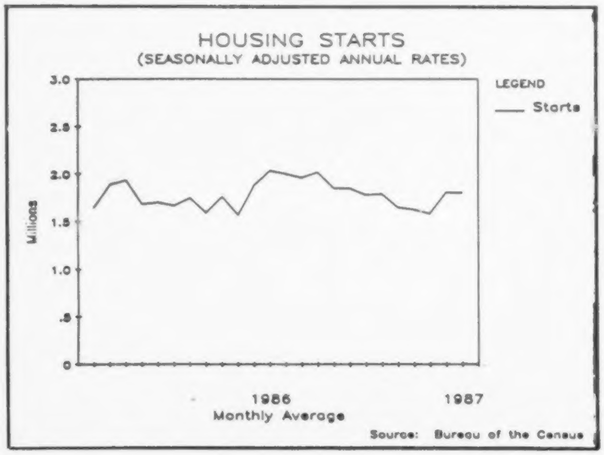
	CURRENT			YEAR-TO-DATE	
	Latest Month Available	---% Change From---		Latest Period Available	% Change From
	Jan. '87	Dec. '86	Jan. '86	1 mo. '87	1 mo. '86
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	25.3	-12.5%	0.4%	25.3	0.4%
Private	20.7	-13.4%	-1.4%	20.7	-1.4%
Residential	11.8	-10.6%	10.9%	11.8	10.9%
Nonresidential & Other	8.9	-16.8%	-14.1%	8.9	-14.1%
Public	4.6	-8.0%	9.4%	4.6	9.4%

HOUSING STARTS

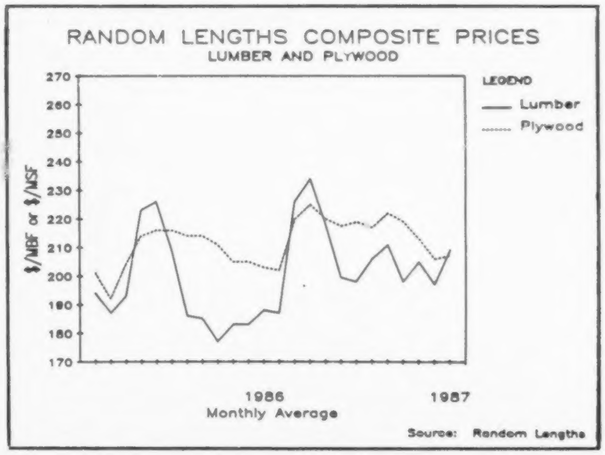
	Jan. '87	Dec. '86	Jan. '86	1 mo. '87	1 mo. '86
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	103.9	-8.1%	-10.4%	103.9	-10.4%
New Private Starts	103.8	-8.1%	-10.2%	103.8	-10.2%
Seas. Adj. Annual Rate	1,804.0	-0.5%	-10.0%		
One-Family Housing Starts	68.5	-5.1%	-4.9%	68.5	-4.9%
Proportion of Total	0.7			0.7	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	15,600.0	(0.0)	(0.2)	15,600	-17.5%

INDUSTRY EMPLOYMENT

		----% Change From---	
	Jan. '87	Dec. '86	Jan. '86
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	101,741	0.4%	2.5%
All Manufacturing Industries	19,186	0.0%	-0.6%
Lumber and Wood Products	753	0.8%	5.2%
Furniture and Fixtures	505	0.6%	2.2%



Source: Bureau of the Census



Source: Random Lengths

decline in the future, thus exerting pressure on the public ownerships to sustain the forest activity.

The study identifies the effects of the various harvest levels proposed in the draft plans of each national forest on total timber supply in the state, employment and payments to the counties. It also assesses the responsiveness of the national forests in supplying increasing amounts of timber in light of prospective shortfalls from other ownerships. To narrow its focus, the analysis ignores other resource outputs from the national forests, leaving conflicts between timber and non-timber resources to the planners on each forest.

The report uses inventory and projected harvest information from the forest plans and the Timber Resource Analysis System model (TRAS) to develop different scenarios of timber supply from each class of timber ownership in the state. The study divides the state into two regions, northern Idaho and southern Idaho, and develops 29 inventory/harvest scenarios for each region.

Each national forest plan has five alternate harvest schedules based upon varying assumptions about sustained yield, market conditions, and interaction with other resource amenities. The "preferred" alternative is the recommended direction put forth in each draft plan. While the other alternatives contained in the plans were analyzed, the preferred alternatives were used in most of the modeled scenarios.

Shortfall Likely on Private Lands

The study concludes that private lands cannot sustain historic harvest activity beyond the next 10 - 15 years. Beyond that time frame, the national forests have the capability of offsetting declines in supplies from other ownerships, but only if the forest managers choose higher timber output alternatives contained in the plans.

In southern Idaho, the timber supply situation will be particularly worrisome during the upcoming decade. According to the study, the preferred alternatives contained in the plans will result in a reduction in harvests over historical levels by as much as 525 million board feet during the next fifteen years. Since the prospective inventories on other ownerships will be insufficient to fill the gap, a loss in timber-related income and jobs is likely. The authors estimate this economic impact to be on the order of $27 million in lost income and 682 jobs annually. Payments to the counties based on sales from the forests will be reduced by $245,000.

In northern Idaho, the crunch will occur later, towards the end of the century when private supplies are likely to be constrained if current harvest levels continue. The national forests will thus be called upon to provide increased volume, or the state will suffer considerable loss. Unfortunately, the forest plans target a planning horizon of ten years, thus creating considerable speculation and uncertainty with respect to timber harvest for the period beyond.

Higher Demand May Alter Results

The study does not fully analyze increases in Idaho's producing capacity and the prospective increase in demand for lumber. These could have a more sobering effect on the study's conclusions. The analysis assumed the need to maintain Idaho's future harvest at historical levels, namely the median harvest level between 1974 and 1985. However, capacity has increased substantially in the past few years in response to increased demand prospects. In fact, harvests in the state between 1984 and 1986 were running above the historic median used in the analysis and some in the industry believe they will be heading higher. Pointing to a prospective decline in Canadian lumber imports, they suggest an increasing reliance on Idaho timber comprised of similar species.

What all of this seems to boil down to is that the timber industry, and by implication, Idaho's economy, will remain dependent on federal timber far into the foreseeable future. The analysis demonstrates that the timber inventory exists on the national forests to support a higher level of harvest. It also provides yet more documentation in the debate over management of national forest lands.

Setting a Precedent

The significance of the Idaho study goes beyond the state because it sets a precedent for similar types of studies in other states or national forest market areas. A similar effort, though on a much more limited scale, was part of the forest plan for the Olympic National Forest in Washington State. It also looked at timber supply on non-federal ownerships and noted the constraints that lower supply from those lands is going to place on the Olympic Peninsula timber industry. At this point, it is not clear how other forests will conduct these types of analyses. However, there is increasing political pressure on them to meet Secretary Meyer's original direction to look at the respective timber sale programs within the context of the local timber economies.

LUMBER CONCERNS EXPERIENCE HIGH FAILURE RATE

The failure rate for businesses during 1986 reached an historic high, according to Dun and Bradstreet's (D&B) *Business Failure Record*. In 1986, the rate of 120 failures per 10,000 listed concerns was more than twice as high as ten years ago. The failure rate for businesses in the lumber and wood products industry was 125 per 10,000 firms, higher than the 113 recorded for manufacturing as a whole, but lower than the 1985 rate of 136 per 10,000.

These data reflect, in part, a high level of business starts. About half the failures are of firms which have been in business for fewer than five years. In a separate report on business starts, Dun and Bradstreet recorded over 250,000 new businesses in 1986, 1,357 in lumber and wood products. D&B has 31,257 firms listed in its database on the lumber and wood products industry.

FOREST SERVICE PUBLICATION AVAILABLE

Copies of a USDA Forest Service publication entitled "U.S. Timber Production, Trade, Consumption, and Price Statistics 1950 - 1985" are available from NFPA. This publication contains statistical tables on U.S. forest products useful for analytical and reference purposes. To obtain a copy, please send $3 to NFPA to cover postage and handling, attention Renee Browne, NFPA, 1250 Connecticut Avenue, Washington, D.C. 20036. While supplies last.

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NFPA AN ECONOMICS BULLETIN OF THE FOREST PRODUCTS INDUSTRY

ECONOMICS MONTHLY

Volume III Number 4 April, 1987

MONTHLY STATISTICAL HIGHLIGHTS

The GNP price deflator rose at a 3.5 percent annual rate during the first quarter, compared with a 2.1 percent in the prior four quarters.

Softwood lumber exports rose 28 percent in volume, and 42 percent in value during the first two months of 1987, when compared with a year earlier.

The annual rate of housing starts during the first quarter was 1.807 million units.

Southern pine exports during the first two months of the year totaled 39.2 million board feet, up 49 percent when compared to a year ago.

ECONOMY WATCH -- INTEREST RATES HAVE BOTTOMED OUT

The economy grew at the healthy rate of 4.3 percent during the first quarter. But inflation revived -- consumer prices were up at annual clip of 6.2 percent, and mortgage rates appear to have bottomed out. Interest rates on long-term Treasury securities have risen by 100 basis points since January, an overall indicator of rising rates in the financial markets.

In the meantime, paper and forest products stocks have been the darlings of Wall Street's bull market. Higher earnings -- the results of a weakening dollar, strong domestic demand, and belt-tightening by producers -- have fueled an above-average increase in stock prices. Most financial analysts see still higher company earnings and above-average performance for these stocks throughout the balance of this year.

In the wood products industry, producers are also optimistic. This is borne out by the new NFPA Quarterly Business Survey conducted for the first quarter. Seventy percent of respondents, across all product lines and regions, indicated earnings were up during the first quarter of 1987. Moreover, the vast majority of respondents also expect favorable business conditions to continue for at least another six months.

The numbers

Statistics for the first two months of the year show U.S. consumption of softwood lumber products ahead of last year by 11 percent, with U.S. shipments up 16 percent. Shipments of structural panels were up nearly 6 percent, while hardwood lumber shipments declined by 1.5 percent. The depreciation of the dollar has stimulated exports of U.S. wood products. The value of wood products exports during the first two months of the year was up again, by 23 percent, after having posted a gain during 1986.

The key supply element to watch is lumber imports. Imports of softwood lumber plummeted -- by 40 percent -- during the fourth quarter of last year, giving domestic producers a welcome shot in the arm, and firming up market prices. Strikes in British Columbia were the primary reason for the decline in Canadian shipments. The preliminary decision on a 15 percent countervailing duty in October was also a contributing factor, although much less significant.

The preliminary countervailing duty decision was replaced by an excise tax on Canadian softwood lumber exports, in early January, as part of a Canada/U.S. agreement. It is still too early to isolate the impact of this tax from the residual effects of the British Columbia strikes and other normal market forces. That Canada has not yet

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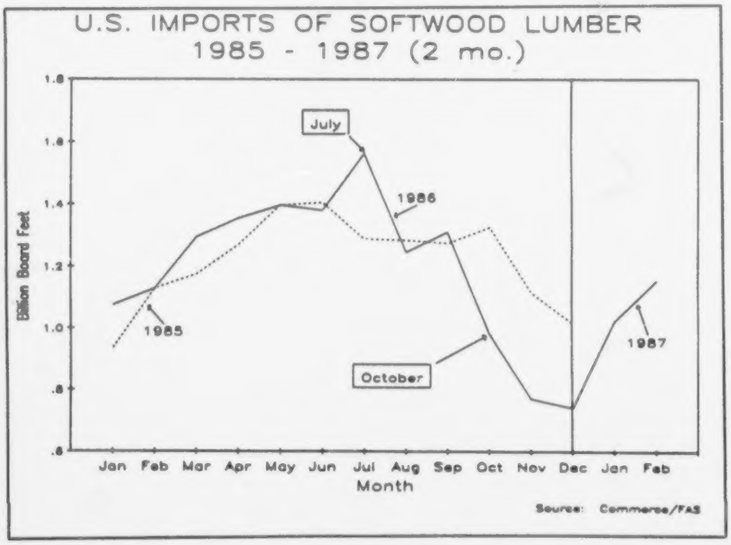
enacted legislation to enforce collection of the tax, clouds any analysis of its impact.

Canadian imports of softwood lumber rose during the first two months of the year to 2.2 billion feet -- slightly ahead of the first two months last year (Figure 1). This fact suggests that the excise tax will have little impact on import volume this year, although there is disagreement on this point. Some producers are hoping that the duty will curtail Canadian market share, or at least raise the floor for lumber prices.

U.S. Trade

America's overall trade woes continue, bringing debate on U.S. trade policy to a head in Congress. The trade deficit during the first two months of 1987 exceeded $27 billion. On the legislative side, the House of Representatives passed a trade bill with a number of controversial provisions aimed at retaliating against countries with large trade surpluses. While the bill contains support for export assistance programs important to the wood industry, exporting companies oppose the bill's protectionist measures.

Figure 1: Canadian imports were up during the first two months of the year, to an undjusted annual rate of 13.3 billion board feet.



Source: Commerce/FAS

On the monetary side, the Administration and the Federal Reserve Board are attempting to prevent a chaotic tailspin in the value of the dollar, which has declined to below "G-5" targets. While the upside of the dollar depreciation is increased exports, the downside is higher inflation and, when coupled with a burgeoning federal debt, higher interest rates.

WOOD TREATING -- TRENDS AND PROSPECTS

Wood treating represents a $1.6 billion segment of the wood products industry; a segment which employs some 11,000 workers with a payroll of over $170 million. It is a segment of the industry with substantial untapped market promise, yet one which has come under close environmental scrutiny in recent years.

Chemical treatments of wood products extend their life and usefulness and, over time, can favorably influence the long-term utilization of forest resources. Wood treating chemicals are used to prevent wood decay caused by bacteria and fungi, to thwart insect infestations, and to hinder combustion in fire sensitive applications. They prevent sapstain and other aesthetic deterioration of product quality.

Treated wood products include: railroad ties, utility poles, outdoor decks, exterior wood siding and fencing, and permanent wood foundations. Wood preservatives are also used by hundreds of wood

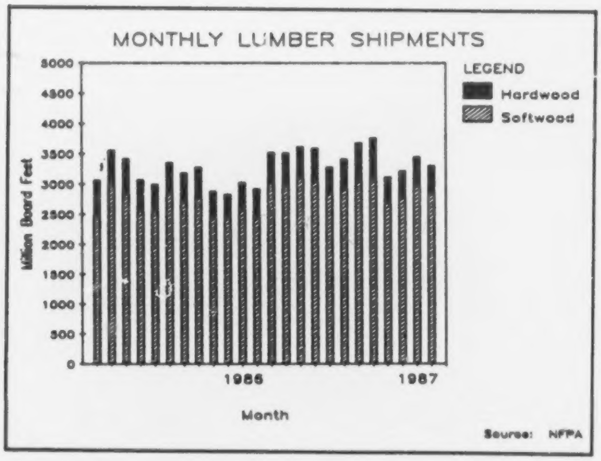
ECONOMICS MONTHLY

MONTHLY STATISTICAL SUPPLEMENT

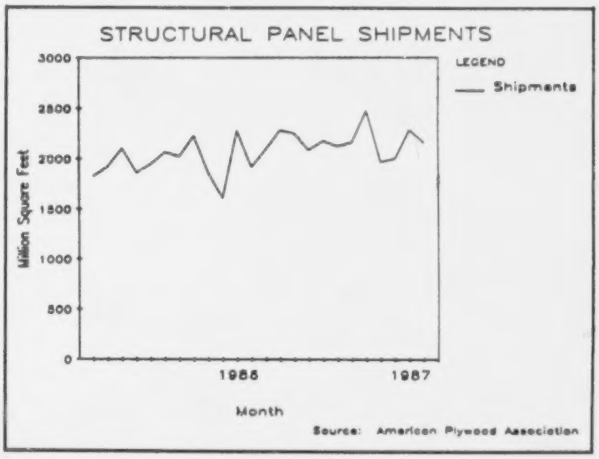
Issued: April 30, 1987

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	FEBRUARY 1987			FEBRUARY 28, 1987	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER	(Million Board Feet)				
Southern Pine Region	912	920	957	849	1,982
Douglas Fir Region	824	788	780	748	1,036
Western Pine Region	883	851	887	590	1,357
California Redwood Region	162	152	135	127	422
Other Softwoods	142	138	141	276	315
TOTAL SOFTWOODS	2,923	2,849	2,900	2,590	5,112
% Change - January 1987	-1.7%	-4.4%	-12.1%	2.0%	1.5%
% Change - February 1986	14.0%	16.6%	11.5%	14.1%	2.0%
HARDWOOD LUMBER					
Southern Hardwood Region	189	221	216	293	769
Appalachian Hardwood Reg.	36	44	43	*	*
Other Hardwoods	159	188	183	240	744
TOTAL HARDWOODS	384	453	442	533	1,513
% Change - January 1987	-7.2%	-3.4%	-12.8%	-1.8%	-4.4%
% Change - February 1986	-24.6%	-5.2%	-10.5%	18.4%	-14.2%
TOTAL LUMBER	3,307	3,302	3,342	3,123	6,625
% Change - January 1987	-2.4%	-4.3%	-12.2%	1.3%	0.1%
% Change - February 1986	7.6%	13.0%	8.0%	14.8%	-2.2%
* Included in Other Hardwoods					
FLOORING	(Thousand Feet)				
Oak Flooring (Bd. Ft.)	NA	12,271	NA	9,376	6,860
Maple Flooring (Sq. Ft.)	759	686	936	3,162	2,133
STRUCTURAL PANELS (Sq. Ft.)	2,179,831	2,156,484	2,065,946	746,768	400,000
% Change - January 1987	-3.3%	-5.5%	-16.5%	-10.8%	6.4%
% Change - February 1986	13.2%	12.7%	10.2%	16.9%	7.8%


MONTHLY LUMBER SHIPMENTS

Source: NFPA


STRUCTURAL PANEL SHIPMENTS

Source: American Plywood Association

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YEAR-TO-DATE INDICATORS

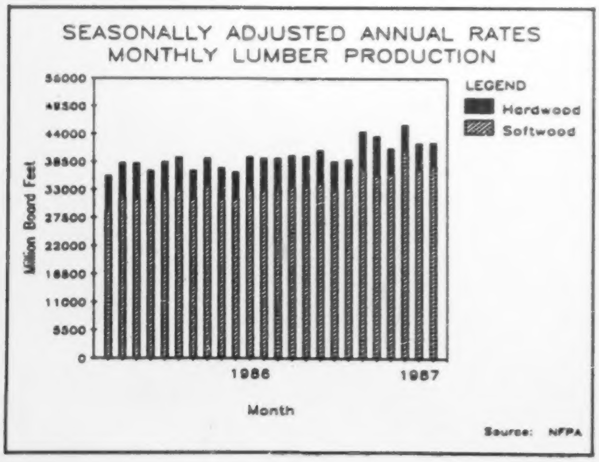
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	2 mo.'87	2 mo.'86	2 mo.'87	2 mo.'86	2 mo.'87	2 mo.'86
	(Million Board Feet)					
TOTAL LUMBER	6,696	7.3%	6,751	13.5%	7,150	13.5%
TOTAL SOFTWOOD	5,898	12.1%	5,829	16.3%	6,201	17.0%
TOTAL HARDWOOD	798	-18.6%	922	-1.5%	949	-4.9%
	(Million Square Feet)					
STRUCTURAL PANELS	4,434	5.1%	4,439	5.9%	4,540	9.5%

SEASONALLY ADJUSTED ANNUAL RATES

	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	Feb. '87	Jan. '87	Feb. '86	Feb. '87	Jan. '87	Feb. '86
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	11,770	-7.3%	6.8%	12,425	-8.4%	8.9%
Douglas Fir	9,885	4.7%	16.1%	10,384	4.4%	20.5%
Western Pine	12,143	11.6%	18.8%	12,435	9.2%	18.7%
Calif. Redwood	1,982	-5.2%	21.8%	2,042	-2.6%	39.4%
Other Softwoods	1,860	3.1%	13.6%	1,916	1.2%	16.0%
TOTAL SOFTWOODS	37,640	2.0%	14.0%	39,203	0.8%	16.6%
TOTAL HARDWOODS	4,729	-11.9%	-24.6%	5,481	-7.4%	-5.2%
TOTAL LUMBER	42,370	0.2%	7.8%	44,684	-0.3%	13.4%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	Feb. '87	Jan. '87	Feb. '86	2 mo.'87	2 mo.'86
	(Million Board Feet)				
Total Consumption	4,287	-0.4%	10.3%	8,593	9.3%
Softwood Consumption	3,852	-0.2%	12.7%	7,712	11.2%
Hardwood Consumption	435	-2.7%	-7.6%	881	-4.9%



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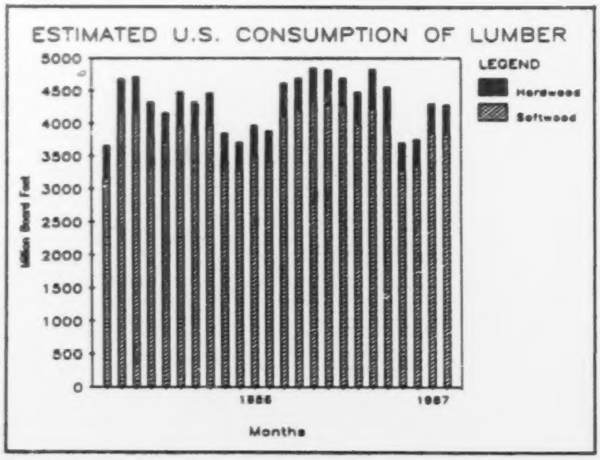


ECONOMICS MONTHLY

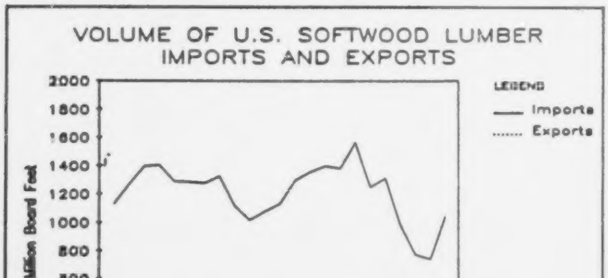
ADDENDUM TO MARCH, 1987 STATISTICAL SUPPLEMENT

Issued: April 30, 1987

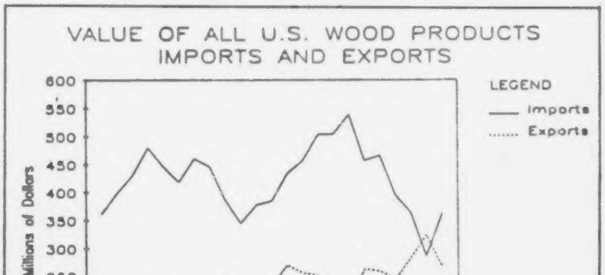
INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		Jan. '87	1 mo. 1987	% Change From Dec. '86	% Change From 1 mo. 1986	Jan. '87	1 mo. 1987	% Change From Dec. '86	% Change From 1 mo. 1986
EXPORTS									
SOFTWOOD LUMBER	MMBF	173.4	173.4	-5.7%	36.4%	59,151	59,151	-13.4%	48.9%
To Canada	MMBF	31.5	31.5	20.9%	12.2%	8,106	8,106	13.7%	14.0%
SOFTWOOD LOGS	MMBF	273.6	273.6	-27.2%	7.1%	91,036	91,036	-25.0%	21.0%
SOFTWOOD PLYWOOD	MMSF 3/8"	123.8	123.8	35.9%	98.4%	28,998	28,998	39.7%	106.3%
HARDWOOD LUMBER	MMBF	45.6	45.6	17.1%	20.8%	29,378	29,378	16.2%	9.7%
HARDWOOD LOGS	MMBF	11.4	11.4	23.8%	32.1%	9,348	9,348	5.6%	-1.9%
HARDWOOD VENEER	MMSFsurf	87.8	87.8	-4.7%	59.1%	6,976	6,976	-12.7%	39.8%
PARTICLEBOARD	MMSF 3/4"	13.3	13.3	-27.2%	13.7%	2,846	2,846	-23.5%	20.7%
ALL OTHER		NA	NA	NA	NA	38,675	38,675	-39.9%	-10.7%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	268,526	268,526	-17.0%	23.8%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,052.4	1,052.4	42.3%	-2.2%	197,783	197,783	44.1%	-5.1%
From Canada	MMBF	1,044.2	1,044.2	42.6%	-1.7%	195,977	195,977	44.9%	-4.6%
SOFTWOOD LOGS	MMBF	0.3	0.3	-19.5%	-89.5%	105	105	138.6%	-64.5%
SOFTWOOD PLYWOOD	MMSF 3/8"	6.7	6.7	-12.4%	-35.5%	2,177	2,177	20.5%	-27.4%
HARDWOOD LUMBER	MMBF	25.2	25.2	-2.1%	-31.5%	14,325	14,325	11.7%	-12.8%
HARDWOOD LOGS	MMBF	1.1	1.1	-60.0%	-24.8%	225	225	45.2%	-38.9%
HARDWOOD VENEER	MMSFsurf	110.3	110.3	-14.1%	-19.3%	8,618	8,618	-14.0%	-3.0%
HARDWOOD PLYWOOD	MMSFsurf	307.4	307.4	28.9%	-10.0%	41,319	41,319	24.7%	-8.2%
HARDBOARD	MMSF 1/8"	44.3	44.3	-14.1%	-46.6%	3,435	3,435	-4.2%	-34.7%
PARTICLEBOARD	MSF 3/4"	106.3	106.3	34.3%	17.8%	10,110	10,110	32.3%	-15.2%
ALL OTHER		NA	NA	NA	NA	82,904	82,904	3.8%	6.8%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	361,196	361,196	26.1%	-4.2%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.



Source: Commerce/FAS



Source: Commerce/FAS

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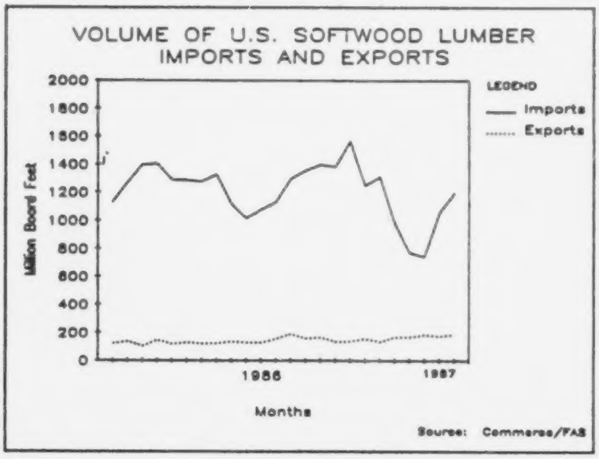
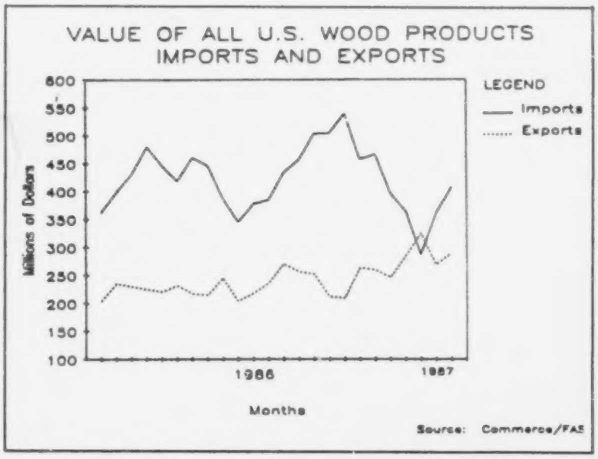
INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		Feb. '87	2 mo. 1987	% Change From Jan. '87	% Change From 2 mo. 1986	Feb. '87	2 mo. 1987	% Change From Jan. '87	% Change From 2 mo. 1986
EXPORTS									
SOFTWOOD LUMBER	MMBF	187.4	360.8	8.0%	28.1%	66,740	125,891	12.8%	42.0%
To Canada	MMBF	30.6	62.1	-2.9%	9.1%	7,371	15,477	-9.1%	10.7%
SOFTWOOD LOGS	MMBF	324.0	597.6	18.4%	11.4%	109,454	200,490	20.2%	20.1%
SOFTWOOD PLYWOOD	MMSF 3/8"	74.4	198.1	-39.9%	74.8%	15,559	44,557	-46.3%	74.2%
HARDWOOD LUMBER	MMBF	48.8	94.4	6.9%	26.9%	31,204	60,582	6.2%	19.5%
HARDWOOD LOGS	MMBF	12.7	24.1	10.9%	27.9%	11,066	20,414	18.4%	2.1%
HARDWOOD VENEER	MMSFsurf	94.9	182.7	8.0%	56.7%	8,241	15,217	18.1%	39.9%
PARTICLEBOARD	MMSF 3/4"	18.7	32.0	40.7%	31.3%	3,821	6,667	34.3%	46.5%
ALL OTHER		NA	NA	NA	NA	41,880	80,555	8.3%	-1.9%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	288,923	557,449	7.6%	23.4%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,190.4	2,242.8	13.1%	1.7%	229,657	427,440	16.1%	-0.2%
From Canada	MMBF	1,172.6	2,216.9	12.3%	1.4%	225,989	421,966	15.3%	-0.6%
SOFTWOOD LOGS	MMBF	1.9	2.2	568.7%	-63.5%	569	674	441.9%	-0.3%
SOFTWOOD PLYWOOD	MMSF 3/8"	11.0	17.7	62.7%	-10.6%	2,735	4,912	25.6%	-16.0%
HARDWOOD LUMBER	MMBF	29.7	54.9	17.6%	-17.7%	15,987	30,312	11.6%	7.8%
HARDWOOD LOGS	MMBF	3.5	4.6	221.7%	105.5%	291	516	29.3%	-14.7%
HARDWOOD VENEER	MMSFsurf	152.3	262.6	38.0%	0.6%	10,387	19,005	20.5%	9.2%
HARDWOOD PLYWOOD	MMSFsurf	307.8	615.2	0.1%	-14.8%	41,133	82,452	-0.5%	-8.9%
HARDBOARD	MMSF 1/8"	71.3	115.6	61.1%	-28.1%	5,435	8,870	58.2%	-14.6%
PARTICLEBOARD	MSF 3/4"	97.3	203.7	-8.5%	21.4%	9,854	19,964	-2.5%	-13.9%
ALL OTHER		NA	NA	NA	NA	89,938	172,842	8.5%	10.6%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	406,252	767,448	12.5%	0.8%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.





product mills as a routine quality enhancement measure.

Wood preservatives are generally categorized in three groups: waterborne (arsenicals), creosote or oil-based, and pentachlorophenol. Fire retardants are yet a fourth category of chemicals used to treat wood products. The use of arsenicals has grown the most rapidly in recent years; the largest volume -- 64 percent -- of treated wood products is treated using waterborne preservatives.

Statistics for 1985 Just Released

According to a just-released report sponsored by the American Wood Preservers Institute and other industry associations, there were approximately 448 companies engaged in the treating of wood products in 1985. Together they operated 569 active treating plants which treated an estimated 519.3 million cubic feet of wood products using pressure, vacuum, or hot and cold bath methods. The report does not cover the extensive use of chemicals which are routine dipped, brushed or sprayed by many wood products mills for quality purposes.

An estimated 4.5 billion board feet of lumber was treated in 1985. Another 412 million board feet of timbers, and 267 million square feet of plywood were also treated. The southern region accounted for 64 percent of the total volume treated. We estimate that 40 percent of U.S. southern pine production is treated in some fashion, the vast majority with waterborne preservatives. Therefore, in 1985, over 4 billion board feet of southern pine lumber was treated.

Decking, PWF, and Fire Retardants Offer Market Potential

To date, wood decks are probably responsible for the largest increase in consumption of treated wood products. Decking is a popular option on all new homes and is frequently cited in residential and remodeling surveys among the most common improvements made.

All-Weather or Permanent Wood Foundations (PWF) are a major growth area for treated wood lumber and

Table A:
The treated wood industry has grown since 1978 mainly because of demand for decking and wood foundations.

Production of Treated Wood 1978 - 1985

(Thousand Cubic Feet)

Wood Treated With:	1978	1980	1981	1984	1985	1985 Percent
Waterborne Preservatives	92,903	120,465	137,915	301,697	328,677	63.3%
Creosote (Oil & Tar)	154,587	143,505	148,924	137,594	128,570	24.8%
Pentachlorophenal	79,996	60,761	52,625	53,610	52,535	10.1%
Fire Retardants	NA	6,271	10,350	6,223	9,532	1.8%
TOTAL	327,486	331,002	349,814	499,124	519,314	100.0%

Source: James T. Micklewright

VALUE OF NEW CONSTRUCTION

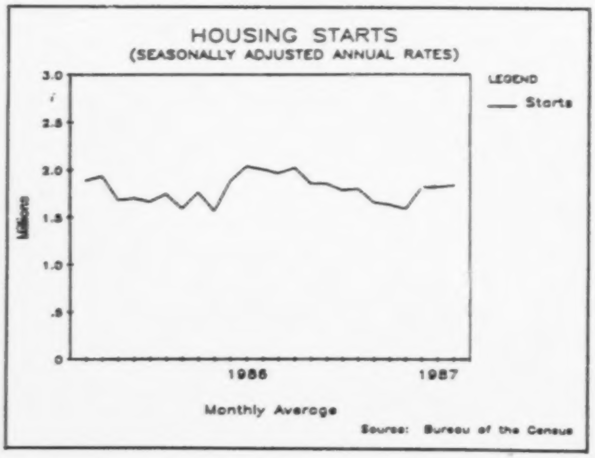
	CURRENT			YEAR-TO-DATE	
	Latest Month Available	---% Change From---		Latest Period Available	% Change From
	Feb. '87	Jan. '87	Feb. '86	2 mo. '87	2 mo. '86
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	24.7	-1.6%	0.4%	49.8	0.0%
Private	20.1	-1.5%	-2.6%	40.5	-2.7%
Residential	11.3	-4.2%	8.1%	23.1	9.5%
Nonresidential & Other	8.8	2.3%	-13.5%	17.4	-15.3%
Public	4.6	-2.1%	15.6%	9.3	13.7%

HOUSING STARTS

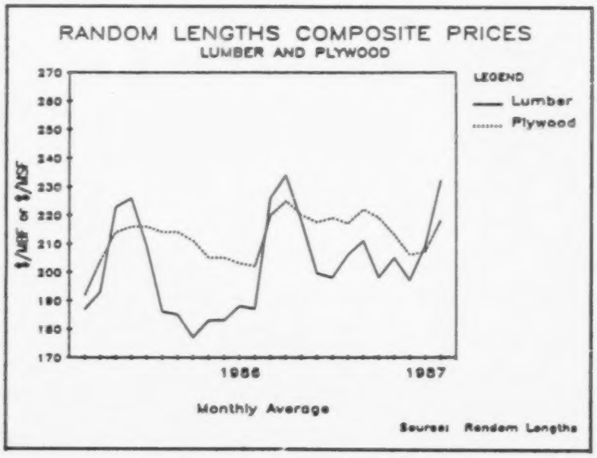
	Feb. '87	Jan. '87	Feb. '86	2 mo. '87	2 mo. '86
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	101.8	-3.1%	-5.0%	206.9	-7.3%
New Private Starts	101.8	-3.1%	-5.0%	206.9	-7.1%
Seas. Adj. Annual Rate	1,833.0	0.9%	-4.7%		
One-Family Housing Starts	71.4	3.2%	9.7%	140.6	2.6%
Proportion of Total	0.7			0.7	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	16,300.0	0.0	(0.1)	32,300	-14.1%

INDUSTRY EMPLOYMENT

		----% Change From---	
	Feb. '87	Jan. '87	Feb. '86
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	100,500	0.3%	1.1%
All Manufacturing Industries	19,062	0.3%	-1.2%
Lumber and Wood Products	729	0.4%	1.8%
Furniture and Fixtures	505	0.2%	2.2%



Source: Bureau of the Census



Source: Random Lengths

plywood. The PWF is an engineered stud wall with plywood sheathing, built and installed to withstand foundation loads. All wood materials used in the foundation are pressure treated with preservatives to eliminate the possibility of rotting and decay. PWFs cost less than foundations made of other more traditional types of building material such as concrete, while offering greater energy efficiency.

Fire Retardant Wood

Although the total volume of wood products treated for fire resistance is relatively small (about 2 percent), this group of treated products has a potential not yet fully tapped in non-residential markets. Recent developments in chemical and application technologies now make it possible to meet building code requirements for "non-combustible" materials, while maintaining high product quality. Perhaps this is why the volume of wood treated with fire retardants jumped by 53 percent in 1985, after having experienced a lull since 1981.

EPA Requirements Met

After an eight year environmental regulatory proceeding, an agreement was reached in 1985 between the Environmental Protection Agency (EPA) and the wood treating industry setting forth the terms under which chemicals could be used to treat wood products and how the products could be sold. New restrictions were imposed on the use of wood treating chemicals, and new requirements were put into effect for training applicators. Restrictions on the use of treated wood (in applications with food, feed, or drinking water contact) also appear on Consumer Information Sheets voluntarily distributed by the treated wood industry.

An industry-sponsored Consumer Awareness Program (CAP) targets retailers to be the link between pressure treated wood manufacturers and the consumers in educating the public on the proper use of pressure treated wood. Compliance with the Consumer Awareness Program in the industry is high, according to a recent audit of the program. Among retailers, wholesalers and distributors, 81% were found to be aware of the Consumer Awareness Program and 70% were participating. Among treaters and chemical manufacturers, 100% were aware of the CAP, and 97% of the treaters and 100% of the chemical manufacturers were participating.

Environmental Regulation -- Still Threatens

While safety and health concerns surrounding application of chemicals and the use of treated products have been largely satisfied by the joint EPA/industry agreement, prospective environmental regulations on disposition of hazardous wastes threatens the future economic health of the treated wood industry. A hazardous waste designation for chemicals used to treat wood products would require extensive documentation, reporting, major retrofit of operations and perhaps clean-up. EPA is now reviewing a draft regulation which may be proposed for public comment later this year.

TRADE STATISTICS ISSUED

January's trade statistics, unavailable last month, are provided as an additional insert this month.

6/18/87 A7870-3

NFPA AN ECONOMICS BULLETIN OF THE FOREST PRODUCTS INDUSTRY

ECONOMICS MONTHLY

Volume III Number 5 May, 1987

MONTHLY STATISTICAL HIGHLIGHTS

Housing starts fell in April to a seasonally-adjusted annual rate of 1.699 million, but single-family starts accounted for 73.6 percent.

U.S. softwood lumber production was up 13.7 percent during the first quarter, when compared with the same period last year.

The value of hardwood logs exported in March rose 48.8 percent from February.

NFPA MID-YEAR FORECAST -- STEADY AS SHE GOES

"Sluggish" is a term frequently used to describe the current state of the economy. Last year's growth rate was a lackluster 2.5 percent. However, we are still experiencing positive growth. In fact, the U.S. economy has showed positive changes in real GNP for 18 consecutive quarters, making the current economic expansion the longest in two decades. This year's first quarter rate was a respectable 4.4 percent.

Sharing in the spoils of the recovery took a long time for most wood products producers, and required some painful operating adjustments, but the industry can now boast improved conditions and a generally positive outlook for the balance of the year. The first quarter's measures were all upbeat, with record shipment and consumption levels for most wood products categories. Economic forecasts of 1987 GNP range between 2 and 3 percent, which suggests that the economy will slow down during the next several months. Nevertheless, 1987 should mark another generally favorable year for the wood products industry.

Fundamentals of Wood Demand Are Sound

Housing starts are following a predictable course this year. During the first four months, housing starts were lower than during 1986, but the decline was in the multi-family sector. Single-family starts actually rose 3 percent from last year.

Although interest rates have begun to rise, they have not risen enough to significantly dampen housing demand, particularly when home ownership is one of the few tax preference items universally available under the new tax law. Mortgage rates are still lower than they were between 1983 and 1985, when starts averaged 1.73 million (Figure 1). And because of the current inflation rate, real interest rates are lower today than they were a year ago.

The housing cycle will eventually ebb, but not in 1987. Starts should number at least 1.7 million units with a strong performance from the single-family sector. Moreover, the average size of new single family homes is increasing -- to 1,825 square feet in 1986, up from 1,710 in 1982, a factor which favorably affects wood products demand.

Export Prospects Bright

The change in the dollar has definitely affected U.S. exports of wood products. Following last year's increase of over 14 percent in the value of U.S. wood exports, the first quarter showed another 8 percent rise over last year's first quarter. Softwood lumber exports during the first three months

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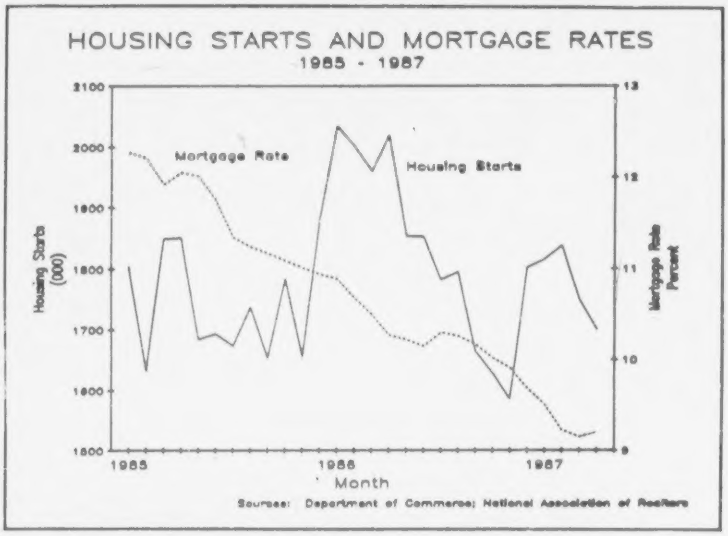
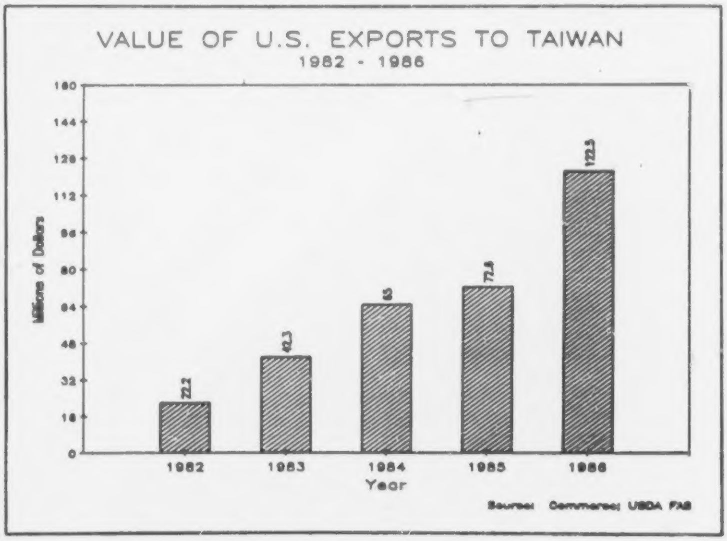


Figure 1: Housing starts averaged 1.75 million during the past four years. The average effective mortgage rate was 11.7 percent.

totaled 548 million board feet, up 16.5 percent from last year. Hardwood lumber exports were up 24 percent, to 149 million board feet.

In April, Taiwan agreed to reduce tariffs on wood products as part of an overall agreement with the United States designed to appease concerns about Taiwan's growing trade surplus with this country. The tariffs for most wood products were reduced immediately by half. Further reductions are slated for 1988. The move should further stimulate wood exports to Taiwan, a major customer for hardwood products and particleboard. U.S. wood products exports reached $122 million in 1986, up from $22 million just five years ago (Figure 2).

Figure 2: Wood exports to Taiwan are increasing and will be helped further by reductions in tariffs.



Softwood Imports -- A Key Element

After declining during the fourth quarter last year, primarily because of strikes in British Columbia, imports have resumed their pre-strike pace. In fact, softwood lumber imports are running 1.2 ahead of last year's first quarter. However, U.S. shipments are up by 13.5 percent. Although some of this lumber is heading off-shore, U.S. producers are capturing greater domestic market share this year.

As we go to press, Canada has yet to enact legislation authorizing an export tax on softwood lumber shipments to the U.S.. The export tax was part of a softwood lumber agreement reached late last year between the U.S. and Canada. To date, compliance with the export tax has been entirely voluntary for Canadian producers. Passage of the authorizing legislation is anticipated before the end of this month, but the Canadians are also pressing for negotiations to revisit the agreement. They seek to exempt additional categories of lumber products from the tax.

If the NFPA forecast proves correct, overall U.S. consumption of softwood lumber will decline by 5 percent. A combination of a fully enforced export tax, a change in the Canadian exchange rate (albeit only a slight change), and increased opportunities for Canadian off-shore exports should result in a reduction of U.S. market share for imports. During the first quarter, Canadian imports accounted for 29 percent of

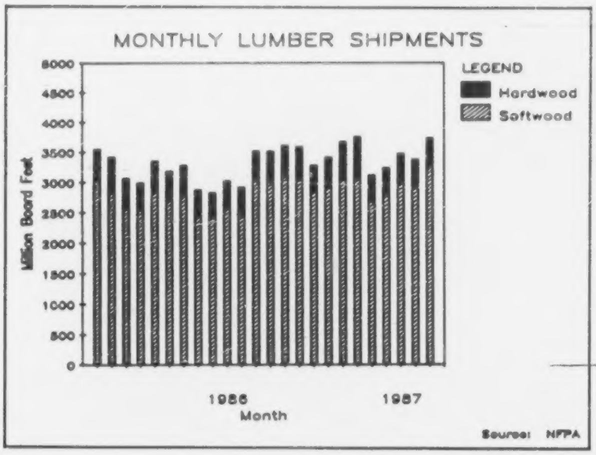
ECONOMICS MONTHLY

MONTHLY STATISTICAL SUPPLEMENT

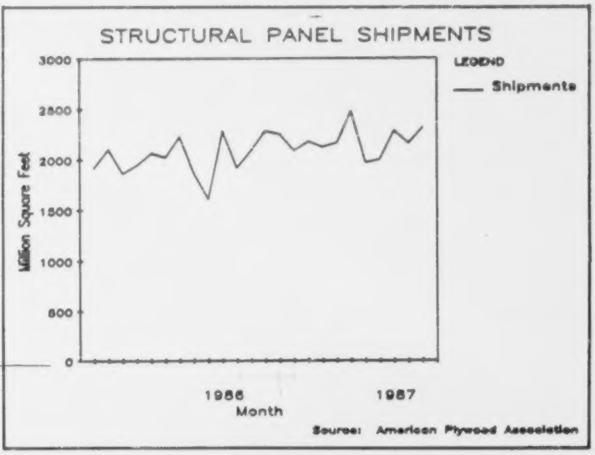
Issued: May 29, 1987

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	MARCH, 1987			MARCH 31, 1987	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
			(Million Board Feet)		
SOFTWOOD LUMBER					
Southern Pine Region	1,008	997	977	828	1,992
Douglas Fir Region	966	928	977	797	1,074
Western Pine Region	1,035	1,010	1,014	594	1,382
California Redwood Region	177	162	142	107	— 437
Other Softwoods	163	158	159	276	318
TOTAL SOFTWOODS	3,349	3,255	3,269	2,602	5,203
% Change - February 1987	13.0%	12.6%	11.1%	0.5%	1.8%
% Change - March 1986	15.3%	7.7%	4.4%	9.4%	6.2%
HARDWOOD LUMBER					
Southern Hardwood Region	179	215	202	280	733
Appalachian Hardwood Reg.	51	66	67	*	*
Other Hardwoods	163	199	191	232	671
TOTAL HARDWOODS	393	480	460	512	1,404
% Change - February 1987	-3.7%	-1.0%	-2.7%	-3.9%	-5.8%
% Change - March 1986	-18.5%	-4.4%	-15.4%	4.1%	-19.4%
TOTAL LUMBER	3,742	3,735	3,729	3,114	6,607
% Change - February 1987	11.0%	10.6%	9.2%	-0.2%	0.1%
% Change - March 1986	10.5%	6.0%	1.5%	8.5%	-0.5%
* Included in Other Hardwoods					
FLOORING			(Thousand Feet)		
Oak Flooring (Bd. Ft.)	NA	14,588	NA	11,477	6,229
Maple Flooring (Sq. Ft.)	1,028	929	925	3,033	2,255
STRUCTURAL PANELS (Sq. Ft.)	2,365,869	2,311,525	2,360,530	795,773	462,000
% Change - February 1987	8.5%	7.2%	14.3%	6.6%	13.2%
% Change - March 1986	12.9%	10.7%	5.7%	1.5%	48.6%


MONTHLY LUMBER SHIPMENTS

Source: NFPA


STRUCTURAL PANEL SHIPMENTS

Source: American Plywood Association

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YEAR-TO-DATE INDICATORS

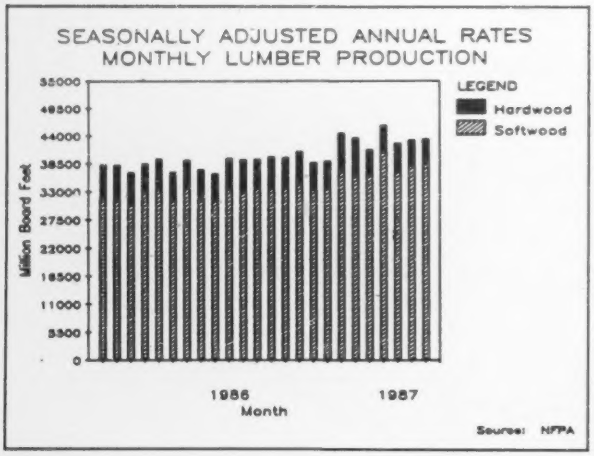
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	3 mo.'87	3 mo.'86	3 mo.'87	3 mo.'86	3 mo.'87	3 mo.'86
	(Million Board Feet)					
TOTAL LUMBER	10,522	9.3%	10,586	11.8%	10,976	10.1%
TOTAL SOFTWOOD	9,281	13.7%	9,121	13.5%	9,505	12.7%
TOTAL HARDWOOD	1,241	-15.1%	1,465	1.9%	1,471	-4.6%
	(Million Square Feet)					
STRUCTURAL PANELS	6,800	7.7%	6,751	7.5%	6,900	8.1%

SEASONALLY ADJUSTED ANNUAL RATES

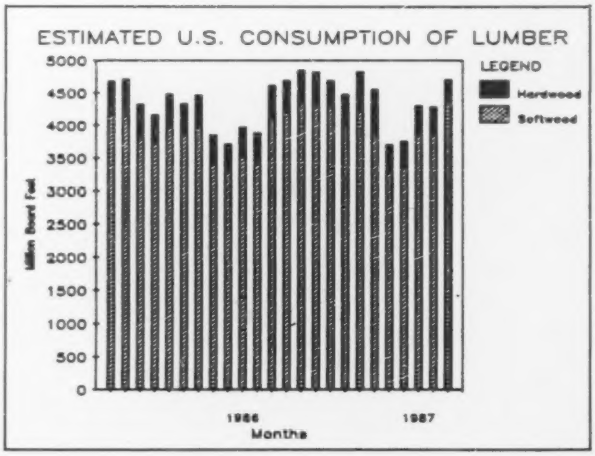
	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	Mar. '87	Feb. '87	Mar. '86	Mar. '87	Feb. '87	Mar. '86
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	11,922	-2.9%	1.3%	11,684	-9.9%	-2.6%
Douglas Fir	10,661	7.9%	23.5%	10,764	3.7%	10.2%
Western Pine	12,118	-0.2%	23.8%	12,738	2.4%	16.9%
Calif. Redwood	2,104	6.2%	17.2%	2,050	0.4%	12.5%
Other Softwoods	1,936	2.6%	15.6%	1,925	-1.7%	7.5%
TOTAL SOFTWOODS	38,742	1.5%	15.1%	39,160	-1.6%	8.0%
TOTAL HARDWOODS	4,650	-7.4%	-18.5%	5,549	-5.4%	-4.4%
TOTAL LUMBER	43,392	0.5%	10.2%	44,709	-2.1%	6.2%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	Mar. '87	Feb. '87	Mar. '86	3 mo.'87	3 mo.'86
	(Million Board Feet)				
Total Consumption	4,706	9.8%	1.9%	13,299	6.5%
Softwood Consumption	4,363	13.2%	5.8%	12,074	9.2%
Hardwood Consumption	344	-20.9%	-30.4%	1,225	-13.8%


SEASONALLY ADJUSTED ANNUAL RATES
MONTHLY LUMBER PRODUCTION

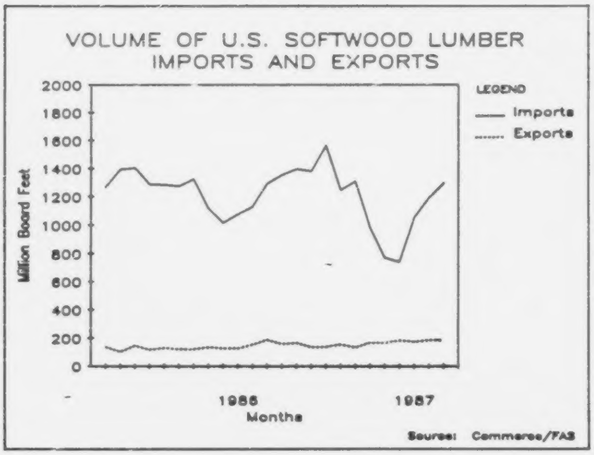
Source: NFPA

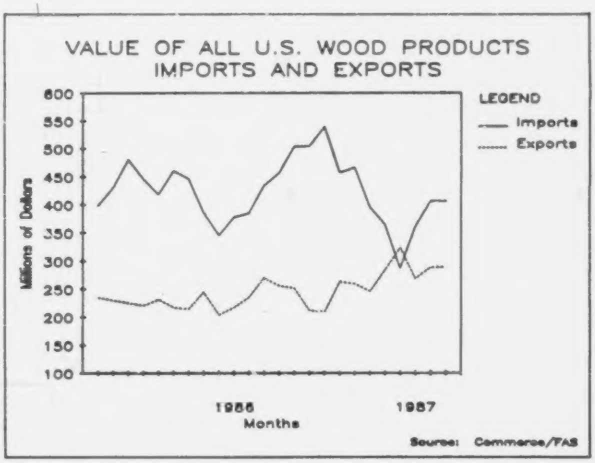

ESTIMATED U.S. CONSUMPTION OF LUMBER

INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		Mar. '87	3 mo. 1987	% Change From Feb. '87	% Change From 3 mo. 1986	Mar. '87	3 mo. 1987	% Change From Feb. '87	% Change From 3 mo. 1986
EXPORTS									
SOFTWOOD LUMBER	MMBF	187.3	548.2	0.0%	16.4%	71,251	197,142	6.8%	31.3%
To Canada	MMBF	31.9	94.0	4.2%	8.2%	8,144	23,623	10.5%	11.1%
SOFTWOOD LOGS	MMBF	343.1	940.7	5.9%	8.2%	114,450	314,940	4.6%	17.3%
SOFTWOOD PLYWOOD	MMSF 3/8"	87.9	286.0	18.2%	38.1%	19,540	64,097	25.6%	45.0%
HARDWOOD LUMBER	MMBF	54.2	148.6	11.1%	32.7%	34,612	95,194	10.9%	22.6%
HARDWOOD LOGS	MMBF	15.6	39.7	22.8%	6.9%	16,462	36,876	48.8%	17.2%
HARDWOOD VENEER	MMSFsurf	122.4	305.0	29.0%	41.9%	10,382	25,599	26.0%	46.0%
PARTICLEBOARD	MMSF 3/4"	22.8	54.8	22.2%	36.5%	4,971	11,638	30.1%	56.5%
ALL OTHER		NA	NA	NA	NA	52,445	133,000	25.2%	9.5%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	325,625	882,834	12.7%	22.4%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,295.0	3,537.8	8.8%	1.1%	269,671	697,111	17.4%	1.9%
From Canada	MMBF	1,285.6	3,502.5	9.6%	1.2%	266,523	688,489	17.9%	1.6%
SOFTWOOD LOGS	MMBF	2.3	4.5	25.0%	-29.3%	996	1,670	75.0%	114.9%
SOFTWOOD PLYWOOD	MMSF 3/8"	10.3	28.0	-6.1%	-3.1%	2,612	7,524	-4.5%	-8.7%
HARDWOOD LUMBER	MMBF	32.7	87.6	10.3%	-8.4%	19,132	49,444	19.7%	18.3%
HARDWOOD LOGS	MMBF	0.6	5.2	-82.0%	26.3%	205	721	-29.6%	-17.5%
HARDWOOD VENEER	MMSFsurf	133.9	396.5	-12.1%	-5.5%	11,428	30,433	10.0%	7.3%
HARDWOOD PLYWOOD	MMSFsurf	335.3	950.5	8.9%	-13.9%	45,775	128,228	11.3%	-6.0%
HARDBOARD	MMSF 1/8"	80.6	196.2	13.1%	-18.7%	5,780	14,650	6.3%	-5.2%
PARTICLEBOARD	MSF 3/4"	112.2	315.9	15.3%	35.6%	11,064	31,028	12.3%	-4.3%
ALL OTHER		NA	NA	NA	NA	107,610	280,452	19.6%	13.7%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	474,646	1,242,093	16.8%	3.9%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.





VALUE OF NEW CONSTRUCTION

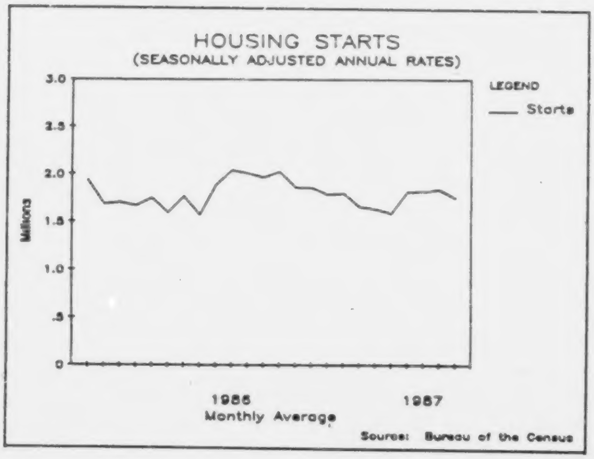
	CURRENT			YEAR-TO-DATE	
	Latest Month Available	---% Change From---		Latest Period Available	% Change From
	Mar. '87	Feb. '87	Mar. '86	3 mo. '87	3 mo. '86
		(Billions of Dollars)			
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	27.9	10.7%	3.6%	78.5	2.3%
Private	23.1	11.1%	2.4%	64.8	0.9%
Residential	13.6	18.3%	10.8%	37.1	11.2%
Nonresidential & Other	9.5	2.2%	-7.7%	27.7	-10.1%
Public	4.8	9.1%	9.5%	13.8	9.8%

HOUSING STARTS

	Mar. '87	Feb. '87	Mar. '86	3 mo. '87	3 mo. '86
		(Thousands of Units)			
NEW HOUSING UNITS STARTED					
Total Private & Public	142.5	38.6%	-5.7%	350.4	-6.4%
New Private Starts	142.4	38.5%	-5.7%	350.3	-6.3%
Seas. Adj. Annual Rate	1,749.0	-4.8%	-7.3%		
One-Family Housing Starts	101.1	40.8%	4.2%	242.1	3.4%
Proportion of Total	0.7			0.7	
		(Number of Units)			
SHIPMENTS OF MOBILE HOMES	19,600.0	0.2	(0.0)	51,900	-10.7%

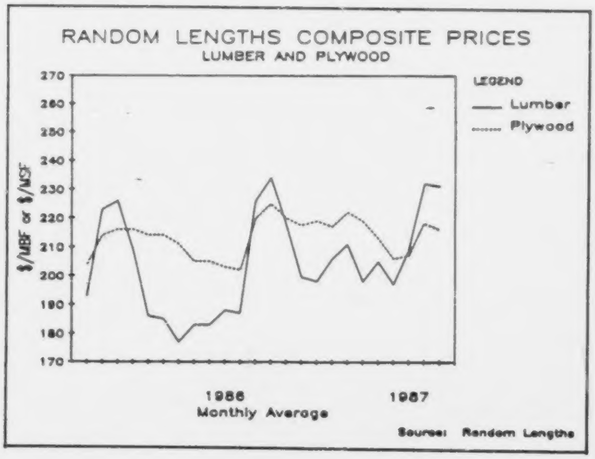
INDUSTRY EMPLOYMENT

	Mar. '87	----% Change From---	
		Feb. '87	Mar. '86
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	102,026	0.2%	2.6%
All Manufacturing Industries	19,190	-0.1%	-0.3%
Lumber and Wood Products	752	-0.4%	5.2%
Furniture and Fixtures	504	0.2%	2.2%



HOUSING STARTS
(SEASONALLY ADJUSTED ANNUAL RATES)

Source: Bureau of the Census



RANDOM LENGTHS COMPOSITE PRICES
LUMBER AND PLYWOOD

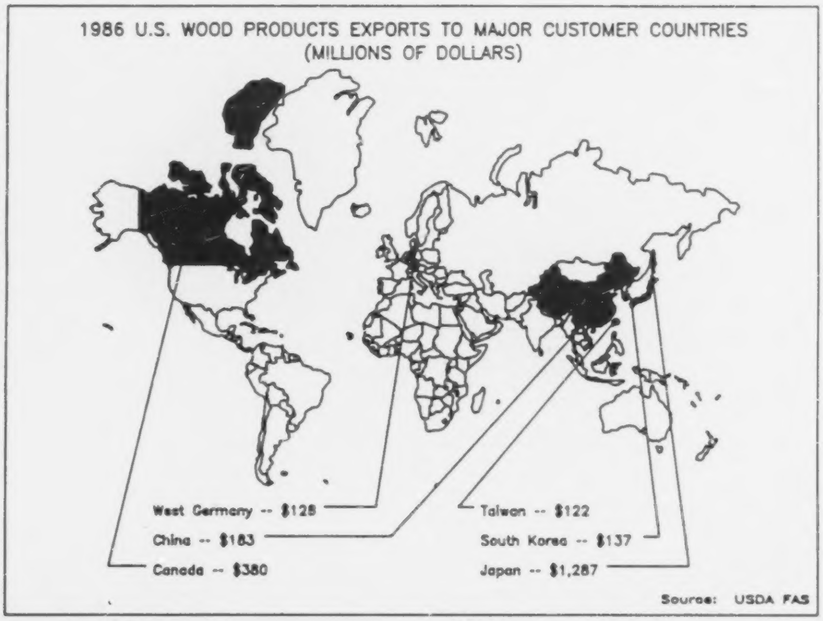
Source: Random Lengths

ECONOMICS MONTHLY

QUARTERLY STATISTICAL SUPPLEMENT

Issued: May, 1987

GRAPHICAL ABSTRACT



1986 U.S. WOOD PRODUCTS EXPORTS TO MAJOR CUSTOMER COUNTRIES
(MILLIONS OF DOLLARS)

Source: USDA FAS

While Canada is America's largest North American customer, Pacific Rim countries lead the list of major off-shore markets.

ESTIMATED REGIONAL SOURCES OF DOMESTIC LUMBER CONSUMPTION (Net Imports Allocated)

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
1977	8,774	14,081	11,626	2,026	4,302	40,809	3,158	3,732	6,890	47,699
1978	9,096	15,133	11,559	1,849	5,003	42,640	3,242	3,755	6,997	49,637
1979	9,060	14,248	10,553	1,729	5,018	40,608	3,342	3,597	6,939	47,547
1980	7,757	11,461	8,509	1,563	4,542	33,832	3,028	3,244	6,272	40,104
1981	8,177	10,828	7,760	1,463	3,836	32,064	3,202	2,653	5,855	37,919
1982	8,232	10,381	7,316	1,327	3,917	31,173	2,031	3,066	5,098	36,270
1983	10,233	14,108	8,848	1,558	4,995	39,742	2,121	3,276	5,397	45,138
1984	10,402	15,672	9,606	1,643	5,534	42,857	2,459	3,377	5,836	48,693
1985*										
1ST QUARTER	2,367	3,747	2,017	378	1,310	9,818	631	872	1,503	11,321
2ND QUARTER	2,920	4,462	2,601	488	1,650	12,121	672	939	1,612	13,733
3RD QUARTER	2,700	4,240	2,684	429	1,535	11,590	618	779	1,397	12,986
4TH QUARTER	2,493	3,944	2,446	384	1,448	10,714	613	710	1,323	12,037
TOTAL YEAR	10,480	16,393	9,748	1,679	5,942	44,243	2,534	3,300	5,834	50,077
1986*										
1ST QUARTER	2,768	4,079	2,362	374	1,478	11,061	690	730	1,421	12,482
2ND QUARTER	2,979	4,733	2,837	558	1,737	12,844	657	869	1,526	14,370
3RD QUARTER	2,971	4,424	2,916	491	1,679	12,481	627	898	1,525	14,006
4TH QUARTER	2,596	3,481	2,705	469	1,174	10,425	613	1,928	2,541	12,966
TOTAL YEAR	11,313	16,718	10,820	1,892	6,068	46,811	2,588	4,425	7,013	53,825
1987*										
1ST QUARTER	2,896	4,353	2,771	476	1,579	12,074	608	617	1,225	13,299
2ND QUARTER										
3RD QUARTER										
4TH QUARTER										
TOTAL YEAR	2,896	4,353	2,771	476	1,579	12,074	608	617	1,225	13,299

* SUBJECT TO REVISION
** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHERS.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

ESTIMATED REGIONAL LUMBER PRODUCTION, SHIPMENTS AND NEW ORDERS

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	APPALACHIAN HARDWOOD	OTHER HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
PRODUCTION											
1977	8,879	8,796	10,309	2,000	1,753	31,737	3,073	1,211	2,417	6,701	38,438
1978	9,231	8,845	10,033	1,902	2,046	32,057	3,258	1,233	2,540	7,031	39,088
1979	9,283	8,427	9,780	1,818	2,124	31,432	3,462	1,263	2,589	7,314	38,746
1980	8,217	6,815	7,613	1,589	2,012	26,246	3,341	1,221	2,553	7,115	33,361
1981	8,415	6,270	7,147	1,452	1,392	24,676	3,374	1,237	1,641	6,252	30,928
1982	8,754	5,743	6,681	1,300	1,309	23,787	2,061	602	2,398	5,062	28,849
1983	10,181	7,934	8,488	1,580	1,543	29,726	2,245	785	2,614	5,644	35,370
1984	10,674	8,329	8,992	1,664	1,515	31,174	2,642	985	2,635	6,262	37,436
1985*											
1ST QUARTER	2,471	1,970	2,009	448	353	7,251	635	248	625	1,508	8,759
2ND QUARTER	2,906	2,016	2,405	451	397	8,175	700	279	692	1,671	9,846
3RD QUARTER	2,771	2,039	2,539	445	398	8,192	657	218	620	1,495	9,687
4TH QUARTER	2,582	2,037	2,323	386	375	7,703	635	159	563	1,357	9,060
TOTAL YEAR	10,730	8,062	9,276	1,730	1,523	31,321	2,628	904	2,500	6,031	37,352
1986*											
1ST QUARTER	2,801	2,196	2,329	443	397	8,166	715	141	606	1,462	9,628
2ND QUARTER	3,041	2,291	2,640	510	433	8,915	691	236	656	1,583	10,498
3RD QUARTER	3,010	2,193	2,851	498	436	8,988	658	258	648	1,564	10,552
4TH QUARTER	2,753	2,328	2,667	487	421	8,656	600	773	973	2,346	11,002
TOTAL YEAR	11,605	9,008	10,487	1,938	1,687	34,725	2,664	1,408	2,883	6,955	41,680
1987*											
1ST QUARTER	2,971	2,580	2,758	521	451	9,281	557	170	514	1,241	10,522
2ND QUARTER											
3RD QUARTER											
4TH QUARTER											
TOTAL YEAR	2,971	2,580	2,758	521	451	9,281	557	170	514	1,241	10,522
SHIPMENTS											
1977	8,932	8,781	10,295	2,075	1,759	31,842	3,114	1,225	2,450	6,789	38,631
1978	9,226	8,906	10,067	1,884	2,051	32,134	3,248	1,230	2,530	7,008	39,142
1979	9,255	8,412	9,696	1,760	2,111	31,234	3,326	1,216	2,487	7,029	38,263
1980	8,018	6,821	7,807	1,590	2,012	26,248	3,119	1,142	2,387	6,648	32,896
1981	8,388	6,270	7,183	1,501	1,395	24,737	3,313	1,182	1,602	6,097	30,834
1982	8,464	5,793	6,775	1,349	1,303	23,684	2,127	634	2,488	5,249	28,935
1983	10,214	7,802	8,264	1,582	1,528	29,390	2,312	829	2,708	5,849	35,239
1984	10,574	8,409	9,014	1,673	1,516	31,186	2,555	940	2,540	6,035	37,221
1985*											
1ST QUARTER	2,404	1,914	1,914	381	338	6,951	633	245	622	1,500	8,451
2ND QUARTER	2,964	2,131	2,441	492	410	8,438	677	266	666	1,609	10,047
3RD QUARTER	2,740	2,003	2,546	433	394	8,116	628	201	588	1,417	9,533
4TH QUARTER	2,536	2,029	2,320	389	371	7,645	631	157	559	1,347	8,992
TOTAL YEAR	10,644	8,077	9,221	1,695	1,513	31,150	2,569	869	2,435	5,873	37,023
1986*											
1ST QUARTER	2,810	2,174	2,282	377	391	8,034	704	138	596	1,438	9,472
2ND QUARTER	3,029	2,399	2,739	560	446	9,173	681	230	645	1,556	10,729
3RD QUARTER	3,011	2,069	2,788	494	428	8,790	666	262	657	1,585	10,375
4TH QUARTER	2,642	2,276	2,652	472	411	8,453	642	872	1,072	2,586	11,039
TOTAL YEAR	11,492	8,918	10,461	1,903	1,676	34,450	2,693	1,502	2,970	7,165	41,615
1987*											
1ST QUARTER	2,989	2,495	2,714	479	444	9,121	648	210	607	1,465	10,586
2ND QUARTER											
3RD QUARTER											
4TH QUARTER											
TOTAL YEAR	2,989	2,495	2,714	479	444	9,121	648	210	607	1,465	10,586
NEW ORDERS											
1977	8,970	8,712	10,331	2,119	1,762	31,894	3,163	1,244	2,488	6,895	38,789
1978	9,273	8,894	9,946	1,847	2,043	32,003	3,288	1,239	2,560	7,087	39,090
1979	9,273	8,388	9,630	1,664	2,098	31,053	3,250	1,184	2,429	6,863	37,916
1980	7,964	6,791	7,730	1,563	1,996	26,044	3,060	1,118	2,338	6,516	32,560
1981	8,433	6,200	7,076	1,501	1,387	24,597	3,341	1,198	1,617	6,156	30,753
1982	8,510	5,976	6,880	1,388	1,325	24,079	2,123	650	2,495	5,268	29,335
1983	10,417	7,864	8,350	1,573	1,544	29,748	2,344	834	2,741	5,919	35,667
1984	10,342	8,296	9,011	1,640	1,496	30,785	2,524	944	2,520	5,988	36,773
1985*											
1ST QUARTER	2,358	1,935	1,920	391	338	6,942	659	246	641	1,546	8,488
2ND QUARTER	2,974	2,105	2,528	502	415	8,524	653	258	644	1,555	10,079
3RD QUARTER	2,864	2,012	2,506	394	397	8,173	638	207	598	1,443	9,616
4TH QUARTER	2,567	1,992	2,293	395	370	7,617	624	156	553	1,333	8,950
TOTAL YEAR	10,763	8,044	9,247	1,682	1,520	31,256	2,574	867	2,436	5,877	37,133
1986*											
1ST QUARTER	2,897	2,291	2,403	431	409	8,431	757	146	639	1,542	9,973
2ND QUARTER	2,965	2,206	2,642	529	427	8,769	674	224	636	1,534	10,303
3RD QUARTER	2,972	2,214	2,848	463	435	8,932	664	275	666	1,605	10,537
4TH QUARTER	2,689	2,347	2,587	515	416	8,554	647	879	1,080	2,606	11,160
TOTAL YEAR	11,523	9,058	10,480	1,938	1,687	34,686	2,742	1,524	3,021	7,287	41,973
1987*											
1ST QUARTER	3,107	2,624	2,856	456	462	9,505	651	210	610	1,471	10,976
2ND QUARTER											
3RD QUARTER											
4TH QUARTER											
TOTAL YEAR	3,107	2,624	2,856	456	462	9,505	651	210	610	1,471	10,976

* SUBJECT TO REVISION.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING

IMPORTS AND EXPORTS OF LUMBER

IMPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS											
	DOUGLAS FIR	OTHER FIR	HEMLOCK	SPRUCE	PINE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES (SAWED)	TOTAL LUMBER
1977	990.7	299.4	1,219.2	5,361.6	1,795.5	537.7	22.2	154.0	10,380.3	341.1	7.4	10,728.8
1978	976.2	508.9	1,219.8	6,312.9	1,916.9	657.5	41.8	190.6	11,824.6	361.4	12.3	12,198.3
1979	827.3	588.3	912.3	6,740.4	1,182.5	637.8	35.4	193.7	11,117.7	376.2	29.3	11,523.2
1980	559.0	440.8	627.8	6,167.9	1,023.9	543.4	20.7	156.6	9,540.1	293.2	31.3	9,864.6
1981	483.3	534.7	467.0	6,010.7	941.7	574.4	17.0	175.9	9,204.7	291.1	24.9	9,520.7
1982	504.3	460.7	293.9	6,341.2	801.6	539.0	28.8	149.4	9,118.9	211.0	26.2	9,356.0
1983	600.3	708.6	416.7	8,354.4	919.8	664.1	73.5	239.9	11,977.4	260.5	12.5	12,250.4
1984	603.0	765.1	514.9	9,471.4	901.6	704.1	35.0	275.0	13,270.2	327.7	24.2	13,622.2
1985												
1ST QUARTER	154.6	189.1	171.1	2,257.0	165.8	210.2	26.9	66.9	3,241.6	105.9	3.2	3,350.7
2ND QUARTER	205.9	200.0	185.6	2,907.4	237.8	233.3	10.2	89.2	4,069.3	96.1	11.8	4,177.2
3RD QUARTER	247.4	236.0	151.0	2,685.4	215.0	203.7	14.0	89.3	3,841.8	85.3	7.7	3,984.8
4TH QUARTER	157.1	166.8	136.2	2,543.6	198.6	160.7	16.0	76.1	3,455.1	76.3	5.1	3,536.4
TOTAL YEAR	765.1	791.8	643.9	10,393.4	817.2	807.9	67.1	321.5	14,607.8	363.6	27.7	14,999.1
1986												
1ST QUARTER	157.2	166.5	128.4	2571.0	152.3	208.1	27.3	87.2	3498.0	95.6	3.8	3597.4
2ND QUARTER	179.1	238.0	154.9	2957.5	180.3	269.8	30.4	119.1	4129.1	88.9	10.0	4228.0
3RD QUARTER	225.7	254.6	140.1	2967.9	222.3	207.3	18.7	82.2	4118.9	75.8	5.4	4200.1
4TH QUARTER	124.1	108.9	65.0	1892.6	113.7	115.3	26.0	46.4	2492.1	86.6	4.0	2582.7
TOTAL YEAR	686.2	768.0	488.4	10389.1	668.7	800.6	102.4	334.9	14238.2	346.9	23.1	14608.2
1987												
1ST QUARTER	117.4	171.1	103.6	2701.1	131.4	184.7	14.5	114.0	3537.8	87.6	3.9	3629.3
2ND QUARTER												
3RD QUARTER												
4TH QUARTER												
TOTAL YEAR	117.4	171.1	103.6	2701.1	131.4	184.7	14.5	114.0	3537.8	87.6	3.9	3629.3

EXPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS												
	DOUGLAS FIR	SOUTHERN PINE	PONDEROSA/ WHITE PINE	REDWOOD	HEMLOCK	SPRUCE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES \4 (SAWED)	TOTAL \5 LUMBER
1977	488.3	157.8	195.0	48.1	264.2	150.7	61.3	47.0	----	1,412.4	226.1	19.2	1,657.7
1978	456.9	130.5	136.9	34.3	272.5	135.4	59.2	120.1	23.1	1,368.9	320.1	25.8	1,714.8
1979	505.4	195.1	147.7	30.1	463.7	151.1	56.0	179.4	16.2	1,744.7	306.6	90.5	2,141.8
1980	520.8	261.4	168.1	27.3	511.2	136.4	62.0	248.6	20.2	1,956.0	378.6	128.3	2,462.9
1981	509.0	211.2	223.8	37.7	390.2	141.4	66.9	280.6	16.8	1,877.6	405.7	88.8	2,372.1
1982	457.2	231.8	140.8	22.5	391.7	124.9	40.5	206.0	14.8	1,630.2	356.2	34.4	2,020.8
1983	559.3	208.4	197.3	24.0	376.2	113.9	46.8	207.8	10.8	1,744.5	478.2	47.2	2,269.9
1984	532.1	172.4	174.1	30.1	337.4	98.1	39.2	202.7	13.1	1,599.3	466.5	84.6	2,150.4
1985													
1ST QUARTER	117.5	37.0	37.8	3.4	101.5	21.1	6.3	47.0	2.8	374.4	102.7	3.6	480.7
2ND QUARTER	130.4	44.4	42.1	3.8	83.2	17.2	7.0	55.2	2.8	385.9	97.3	7.7	490.9
3RD QUARTER	113.2	39.5	44.4	3.5	78.2	14.2	6.4	65.5	3.1	368.1	96.3	17.1	481.4
4TH QUARTER	114.4	43.5	43.4	5.0	101.5	8.4	7.8	61.0	1.9	387.0	100.8	4.5	492.3
TOTAL YEAR	475.6	164.4	167.7	15.7	364.4	60.8	27.4	228.7	10.6	1,515.4	397.1	32.9	1,945.3
1986													
1ST QUARTER	135.9	42.2	49.7	2.9	130.1	24.6	6.8	76.2	2.4	470.9	112.0	4.5	587.4
2ND QUARTER	130.1	50.3	54.9	2.1	121.0	23.2	7.8	66.0	2.4	457.9	122.8	6.0	586.7
3RD QUARTER	106.3	40.1	60.8	2.8	115.4	19.0	12.4	66.7	4.1	427.7	135.0	6.1	568.8
4TH QUARTER	140.1	46.1	43.9	3.1	165.5	27.2	11.2	80.4	3.1	520.5	128.5	6.7	655.8
TOTAL YEAR	512.4	178.6	209.4	10.9	532.0	94.0	38.2	289.4	12.0	1,877.0	498.3	23.3	2,398.6
1987													
1ST QUARTER	167.1	58.6	54.7	3.4	142.1	19.0	12.3	88.7	2.2	548.2	148.6	6.9	703.6
2ND QUARTER													
3RD QUARTER													
4TH QUARTER													
TOTAL YEAR	167.1	58.6	54.7	3.4	142.1	19.0	12.3	88.7	2.2	548.2	148.6	6.9	703.6

1. Sawed timber, board planks and scantlings, flooring, box shook and railroad ties.
2. Includes siding and softwood lumber drilled or treated. Beginning 1978 includes siding and flooring. For exports, figures not available prior to 1978.
3. Includes hardwood flooring, siding and hardwood lumber drilled or treated.
4. Includes a small amount of hewn railroad ties. Beginning with 1978 includes mine timber.
5. Includes box shook: 1973 - 4.4 mbf; 1974 - 6.1 mbf; 1975 - 4.1 mbf; 1976 - 6.0 mbf; 1977 - 5.8 mbf. Beginning with 1978 box shook is reported in appropriate species.

SOURCE: Foreign Agricultural Service, U.S. Department of Agriculture; Forest Products Division, BIE, U.S. DOC, from data of the Foreign Trade Division.

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

ESTIMATED GROSS LUMBER MILL STOCKS AND UNFILLED ORDERS BY REGION

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
GROSS MILL STOCKS										
DECEMBER 31ST										
1977	1,192	964	1,329	359	265	4,109	412	385	797	4,906
1978	1,197	903	1,295	377	260	4,032	422	398	820	4,852
1979	1,225	918	1,379	435	273	4,230	558	547	1,105	5,335
1980	1,424	912	1,185	434	273	4,228	780	792	1,572	5,800
1981	1,451	912	1,149	385	270	4,167	841	886	1,727	5,894
1982	1,741	867	1,055	336	276	4,270	775	764	1,539	5,809
1983	1,708	994	1,279	334	291	4,606	708	626	1,334	5,940
1984	1,808	914	1,257	325	290	4,594	795	765	1,561	6,155
1985*										
1ST QUARTER	1,875	970	1,352	392	305	4,894	797	772	1,569	6,463
2ND QUARTER	1,817	855	1,316	351	292	4,631	820	811	1,631	6,262
3RD QUARTER	1,848	891	1,309	363	296	4,707	849	860	1,709	6,416
4TH QUARTER	1,894	899	1,312	360	300	4,765	853	866	1,719	6,484
1986*										
1ST QUARTER	1,885	921	1,359	426	306	4,897	864	879	1,743	6,640
2ND QUARTER	1,897	813	1,260	376	293	4,639	874	896	1,770	6,409
3RD QUARTER	1,896	937	1,323	380	301	4,837	866	883	1,749	6,586
4TH QUARTER	2,007	989	1,338	395	311	5,040	824	685	1,509	6,549
1987*										
1ST QUARTER	1,992	1,074	1,382	437	318	5,203	733	671	1,404	6,607
2ND QUARTER										
3RD QUARTER										
4TH QUARTER										
ESTIMATED UNFILLED ORDERS										
DECEMBER 31ST										
1977	488	565	590	271	267	2,181	292	214	506	2,687
1978	535	553	469	234	259	2,050	332	253	585	2,635
1979	553	529	403	138	246	1,869	256	163	419	2,288
1980	499	499	326	111	230	1,665	197	90	287	1,952
1981	544	429	219	111	222	1,525	225	121	346	1,871
1982	590	612	324	150	244	1,920	221	144	365	2,285
1983	793	674	410	141	260	2,278	253	182	435	2,713
1984	561	561	407	108	240	1,877	222	166	388	2,449
1985*										
1ST QUARTER	515	582	413	118	240	1,868	248	186	434	2,302
2ND QUARTER	525	556	500	128	245	1,954	224	156	380	2,334
3RD QUARTER	649	565	460	89	248	2,011	234	172	406	2,417
4TH QUARTER	680	528	433	95	247	1,983	227	165	392	2,375
1986*										
1ST QUARTER	766	645	554	149	265	2,379	280	216	496	2,875
2ND QUARTER	702	452	457	118	246	1,975	273	201	474	2,449
3RD QUARTER	663	597	517	87	253	2,117	272	223	495	2,612
4TH QUARTER	710	668	452	130	258	2,218	277	238	515	2,733
1987*										
1ST QUARTER	828	797	594	107	276	2,602	280	232	512	3,114
2ND QUARTER										
3RD QUARTER										
4TH QUARTER										
UNFILLED ORDERS IN RELATION TO GROSS MILL STOCKS (Unfilled Orders As Percentage of Mill Stocks)										
1977	41%	59%	44%	75%	101%	53%	71%	56%	63%	55%
1978	45%	61%	36%	62%	100%	51%	79%	64%	71%	54%
1979	45%	58%	29%	32%	90%	44%	46%	30%	38%	43%
1980	35%	55%	28%	26%	84%	39%	25%	11%	18%	34%
1981	37%	47%	19%	29%	82%	37%	27%	14%	20%	32%
1982	34%	71%	31%	45%	88%	45%	29%	19%	24%	39%
1983	46%	68%	32%	42%	89%	49%	36%	29%	33%	46%
1984	31%	61%	32%	33%	83%	41%	28%	22%	25%	40%
1985*										
1ST QUARTER	27%	60%	31%	30%	79%	38%	31%	24%	28%	36%
2ND QUARTER	29%	65%	38%	36%	84%	42%	27%	19%	23%	37%
3RD QUARTER	35%	63%	35%	25%	84%	43%	28%	20%	24%	38%
4TH QUARTER	36%	59%	33%	26%	82%	42%	27%	19%	23%	37%
1986*										
1ST QUARTER	41%	70%	41%	35%	87%	49%	32%	25%	28%	43%
2ND QUARTER	37%	56%	36%	31%	84%	43%	31%	22%	27%	38%
3RD QUARTER	35%	64%	39%	23%	84%	44%	31%	25%	28%	40%
4TH QUARTER	35%	68%	34%	33%	83%	44%	34%	35%	34%	42%
1987*										
1ST QUARTER	42%	74%	43%	24%	87%	50%	38%	35%	36%	47%
2ND QUARTER										
3RD QUARTER										
4TH QUARTER										

* SUBJECT TO REVISION.
** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHER.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS BECAUSE OF ROUNDING.

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U.S. softwood lumber consumption, compared to 32 percent a year ago. Contrary to other industry forecasts, we believe imports will decline modestly this year.

Eventually, Deficits Will Matter

Although the federal budget deficit appears to have peaked in FY 86 at $221 billion, massive deficits are going to continue unless the spending/revenues equation gets resolved. The cumulative result of deficits over several years has made the U.S. a net debtor nation, precariously dependent upon foreigners for capital. During 1986, the total national debt exceeded $2.1 trillion. Unfortunately, a change in this situation is far from imminent, despite a lower deficit recorded during the first half of FY 87. Barring some miraculous political development, the Gramm-Rudmann-Hollings deficit target of $172 billion for FY 87 will not be met, let alone its goal of a balanced budget by 1991. And even though the federal deficit seems to be tapering, the accumulation of debt continues. Ultimately, what is done (or not done) to grapple with this basic structural problem in the economy will impact all sectors, the lumber and wood products industry included.

America's trade deficit also reached the record level last year of approximately $170 billion. Some improvement in the trade balance sheet is expected this year as a result of a weakened dollar. The lower valued dollar, however, has resulted in a higher inflation rate. The costs of foreign goods and oil are now rising. Inflation is running at annual rate of 6 percent, compared with a 3.3 percent average between 1982 and 1986.

In Summary

Cautious optimism describes the current NFPA forecast. Demand for wood products is continuing at historically high levels. The dollar situation is favorable for wood products, giving producers an opportunity to penetrate and expand overseas markets. Nominal interest rates are up, but real interest rates are down. We are keeping with expectations for at least 1.7 million starts, with a strong performance in the single-family sector. Wood products exports should rise to a total value of $3.5 billion.

Table I: The NFPA forecast anticipates only modest declines from last year's consumption and production levels.

THE 1987 FORECAST

	1986	1987	% Change
WOOD INDUSTRY INDICATORS:			
TOTAL HOUSING STARTS (000)	1,807	1,700	-5.9
Single-Family Housing Starts (000)	1,179	1,180	Negligible
Multi-Family Housing Starts (000)	626	520	-16.9
Mobile Home Shipments (000)	244	250	2.5
Other Construction (Bil 1982 $)	178	160	-10.1
Industrial Prod. Index (1977 = 100)	125	129	3.2
FRB Furn. & Fix. Index (1977 = 100)	147	150	2.0
OTHER INDICATORS:			
Change in Real GNP	2.5%	3.0%	
Change in Consumer Prices	1.1%	6.0%	
Effective Mortgage Rate (FHLBB)	10.2%	11.5%	

PRODUCTION AND TRADE:

	Softwood Lumber (MMBF)	Hardwood Lumber (MMBF)	Structural Panels (MMSF)	Particlebd & MDF (MMSF)
1986 U.S. Consumption	46,811	7,013	24,658	4,337
- Imports	14,238	347	828	126
+ Exports	1,877	498	596	172
= Shipments	34,450	7,164	24,426	4,383
+/- Inventory Change	275	(210)	40	-
= PRODUCTION	34,725	6,954	24,466	4,383
1987 FORECAST				
U.S. Consumption	44,735	6,276	23,400	4,174
- Imports	13,800	325	900	110
+ Exports	2,160	600	830	225
= Shipments	33,095	6,551	23,330	4,289
+/- Inventory Change	-	-	-	-
= PRODUCTION	33,095	6,551	23,330	4,289

COFI REPORTS DESTINATION OF CANADIAN LUMBER SHIPMENTS

The following table details estimates of Canadian shipments of softwood lumber to the U.S. in 1986.

The Council of Forest Industries (COFI) estimates that 45 percent of Canadian shipments moved by road; 42 percent by rail; and 13 percent by water.

CANADIAN SOFTWOOD LUMBER SHIPMENTS TO THE UNITED STATES

	PERCENT OF TOTAL	TOTAL SHIPMENTS		1986 SHIPMENTS FROM:				
		1986	1985	B.C.	PRAIRIES	ONTARIO	QUEBEC	MARITIMES
TOTAL U.S.	100.0	13,944,146	14,287,009	7,807,532	849,493	2,840,999	2,149,930	272,657
Florida	6.5	909,634	886,157	876,891	8,172	10,196	13,652	723
New York	6.1	856,486	866,883	253,810	7,163	278,083	291,413	26,017
Georgia	6.1	854,571	823,298	757,787	20,069	39,697	32,971	4,047
Massachusetts	5.9	827,877	867,989	238,025	3,096	9,011	513,196	64,549
Michigan	5.5	767,419	726,763	62,934	12,528	585,024	105,756	1,177
Pennsylvania	5.1	713,769	666,732	23,091	4,493	495,030	170,966	20,189
North Carolina	4.8	674,062	604,408	517,528	77,394	38,098	38,484	2,558
Washington	4.5	630,630	711,610	624,457	2,614	1,166	2,233	160
Ohio	4.3	597,591	598,552	65,910	10,502	490,088	30,656	433
Illinois	3.9	540,331	440,232	287,509	158,284	88,672	5,750	116
Texas	3.7	520,431	777,519	459,143	54,312	2,588	2,450	1,938
New Jersey	3.2	448,136	484,628	327,026	985	14,015	100,059	6,051
California	3.1	433,340	494,750	417,521	14,788	639	286	106
Maryland	2.7	382,969	390,596	162,080	876	122,999	91,841	5,173
Minnesota	2.6	365,993	503,286	230,994	88,314	44,835	1,745	105
Indiana	2.6	363,524	349,466	51,135	63,577	229,250	19,479	83
Virginia	2.3	320,917	299,071	110,805	29,889	100,943	76,984	2,296
Wisconsin	2.2	310,015	239,298	172,015	81,810	54,380	1,810	0
Missouri	2.1	296,658	293,870	242,529	49,592	2,765	1,562	210
Montana	2.0	275,366	264,974	268,992	5,447	525	402	0
Connecticut	1.9	268,291	313,632	134,317	439	3,078	125,683	4,774
Vermont	1.9	263,574	134,313	73,953	2,217	3,333	171,747	12,324
New Hampshire	1.7	232,434	237,004	43,540	941	4,715	160,969	22,269
Oregon	1.6	229,652	303,888	206,040	10,421	6,334	6,222	635
Maine	1.5	214,479	181,771	20,050	1,519	1,169	98,672	93,069
South Carolina	1.5	208,545	146,445	177,394	10,309	6,683	14,042	117
Tennessee	1.3	187,268	224,831	134,478	19,386	24,280	9,071	53
Kentucky	1.3	178,838	198,825	73,563	15,698	77,704	11,759	114
Alabama	1.1	151,193	151,873	117,805	12,075	10,891	10,358	64
Delaware	1.0	140,124	99,549	109,467	405	19,708	9,762	782
Idaho	0.7	99,764	81,830	95,331	2,977	330	1,070	56
Rhode Island	0.7	97,802	74,456	76,339	59	434	18,908	2,062
Kansas	0.7	95,760	153,251	75,130	19,807	605	87	131
West Virginia	0.6	85,139	91,873	9,923	1,346	65,148	8,586	138
Colorado	0.6	80,487	117,186	72,282	4,834	2,964	334	73
Mississippi	0.4	54,258	81,186	49,394	2,863	1,564	437	0
Iowa	0.4	50,515	53,466	22,236	25,293	2,923	63	0
Arkansas	0.4	49,788	46,482	23,202	2,758	78	35	0
Oklahoma	0.2	31,944	49,872	28,651	3,231	62	0	0
Nebraska	0.2	24,287	41,514	16,584	7,393	202	108	0
Arizona	0.2	24,240	54,067	23,679	630	111	0	0
Louisiana	0.2	23,715	48,524	21,843	1,700	54	118	0
Alaska	0.1	20,444	37,258	20,333	27	0	72	12
Utah	0.1	14,580	33,427	13,145	1,388	20	0	27
Wyoming	0.1	11,059	10,279	9,610	1,449	0	0	0
South Dakota	0.1	10,284	17,129	3,477	6,200	607	0	0
New Mexico	N	3,203	7,149	2,829	218	0	130	26
Nevada	N	2,616	4,365	2,611	5	0	0	0
Hawaii	N	144	1,482	144	0	0	0	0

Note: (1) Canadian shipments to the U.S. do not equal NFPA reported imports because of classification and other reporting differences.
(2) Ontario and Quebec shipments include approximately 1 billion board feet originating from B.C. through "reload" centers.

N = Negligible

Source: Council of Forest Industries of British Columbia

6/15/87 A7870-3

**ECONOMICS AND
INFORMATION SERVICES**

NFPA

June 4, 1987

MEMORANDUM

TO: NFPA Economics Monthly Subscribers

FROM: Renee Browne

SUBJECT: Corrected Table

A few errors were found in the table included on the back page of the May issue. Please find attached the corrected table.

CANADIAN SOFTWOOD LUMBER SHIPMENTS TO THE UNITED STATES

	PERCENT OF TOTAL	TOTAL SHIPMENTS		1986 SHIPMENTS FROM:				
		1986	1985	B.C.	PRAIRIES	ONTARIO	QUEBEC	MARITIMES
TOTAL U.S.	100.0	13,949,957	14,329,375	7,811,897	872,028	2,842,884	2,150,403	272,745
Florida	6.5	909,634	886,157	876,891	8,172	10,196	13,652	723
New York	6.1	856,486	866,883	253,810	7,163	278,083	291,413	26,017
Georgia	6.1	854,571	823,298	757,787	20,069	39,697	32,971	4,047
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Wisconsin	2.2	310,015	239,298	172,015	81,810	54,380	1,810	0
Missouri	2.1	296,658	293,870	242,529	49,592	2,765	1,562	210
Montana	2.0	275,366	264,974	268,992	5,447	525	402	0
Connecticut	1.9	268,291	313,632	134,317	439	3,078	125,683	4,774
Vermont	1.9	263,574	134,313	73,953	2,217	3,333	171,747	12,324
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Maine	1.5	214,479	181,771	20,050	1,519	1,169	98,672	93,069
South Carolina	1.5	208,545	146,445	177,394	10,309	6,683	14,042	117
Tennessee	1.3	187,268	224,831	134,478	19,386	24,280	9,071	53
Kentucky	1.3	178,838	198,825	73,563	15,698	77,704	11,759	114
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Colorado	0.6	80,487	117,186	72,282	4,834	2,964	334	73
Mississippi	0.4	54,258	81,186	49,394	2,863	1,564	437	0
Iowa	0.4	50,515	53,466	22,236	25,293	2,923	63	0
Oklahoma	0.2	31,944	49,872	28,651	3,231	62	0	0
North Dakota	0.2	28,456	41,179	4,075	22,535	1,478	368	0
Arkansas	0.2	26,073	46,482	23,202	2,758	78	35	0
Arizona	0.2	24,420	54,067	23,679	630	111	0	0
Nebraska	0.2	24,287	41,514	16,584	7,393	202	108	0
Louisiana	0.2	23,715	48,524	21,843	1,700	54	118	0
Alaska	0.1	20,444	37,258	20,333	27	0	72	12
Utah	0.1	14,580	33,427	13,145	1,388	20	0	27
Wyoming	0.1	11,059	10,279	9,610	1,449	0	0	0
South Dakota	0.1	10,284	17,129	3,477	6,200	607	0	0
Washington DC	0.0	890	1787	290	0	407	105	88
New Mexico	N	3,203	7,149	2,829	218	0	130	26
Hawaii	N	144	1,482	144	0	0	0	0
Nevada	N	2,616	4,365	2,611	5	0	0	0

Note: (1) Canadian shipments to the U.S. do not equal NFPA reported imports because of classification and other reporting differences.

(2) Ontario and Quebec shipments include approximately 1 billion board feet originating from B.C. through "reload" centers.

N = Negligible

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NFPA AN ECONOMICS BULLETIN OF THE FOREST PRODUCTS INDUSTRY

ECONOMICS MONTHLY

Volume III Number 6 June, 1987

MONTHLY STATISTICAL HIGHLIGHTS

The seasonally adjusted annual rate of U.S. lumber production was 40.4 billion feet in April, down 7.4 percent.

Softwood lumber shipments declined in April by 2.4 percent, but were running 11.6 percent ahead of last year during the first four months.

Softwood lumber imports were 1.3 percent lower during the first four months of the year.

The Commerce Department reports that real earnings rose 0.7 percent in May.

The Federal Highway Administration reports that 6 MBF of lumber is used for every million dollars of highway construction.

ECONOMY WATCH -- GNP REVISED UPWARD; CANADIAN EXPORT TAX ENACTED

The U.S. outlook continues to be upbeat with overall demand at or near record levels for the year. U.S. shipments of softwood products declined during April, but are still running ahead of last year's record pace. April's lower shipments in part reflect a one month weakening of the export markets. Although still ahead of last year, the value of U.S. wood exports declined over 15 percent during the month, with reductions in almost all product lines except hardwood logs and veneer. The reasons for this decline are not entirely clear, but are believed to be varied and unrelated. Most producers continue to report ample orders for exports.

The Department of Commerce revised its estimate of economic growth for the first quarter from 4.4 percent to 4.8 percent, making the quarter's economic performance even higher than most economists anticipated. The government's measure of leading economic indicators also rose 0.7 percent in May, the fourth straight monthly increase. However, housing starts declined in May to a seasonally-adjusted annual rate of 1.62 million units. Starts averaged 1.73 million during the first five months of 1987.

On June 1, 1987 Canada enacted legislation authorizing a 15 percent export tax on softwood lumber shipped to the United States. The tax was part of a comprehensive agreement on softwood lumber reached at the end of 1986, which lacked the enforcement of law up until now. In a subsequent development, the U.S. and Canada agreed to enter into discussions on "inequities" in the lumber agreement, although no formal proposal has been put forth by either side. Meetings are to take place during the summer.

Softwood lumber imports from Canada declined in April by 3.4 percent, bringing the volume for the first four months of the year 1.3 percent below last year's level. Canadian market share was down to 29 percent, compared to 30 percent for all of last year, and 33 percent in 1985.

During the first quarter, 54 percent of Canadian production was shipped to the U.S., down from the 64 percent level of last year. A booming residential construction market is contributing to higher demand for lumber in Canada. Canadian production of softwood lumber during the first quarter was 6.2 billion board feet, up 7.1 percent from 1986. Canadian offshore exports were also up dramatically -- 30.1 percent. This compares with an 18.5 percent increase in U.S. softwood lumber exports, suggesting that the export tax on U.S. shipments is diverting some Canadian lumber to overseas markets.

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THE CONSERVATION RESERVE -- IMPLICATIONS FOR U.S. TIMBER SUPPLY

The 1985 Food Security Act (known as the Farm Bill) contained major new agricultural policies aimed at reducing soil erosion on America's cropland. Some 83 million acres of cropland are defined as "highly erodible" by the U.S. Department of Agriculture. The Act established several programs to encourage the retirement of this highly erodible cropland to less intensive use. Specifically, the Act established the Conservation Reserve Program (CRP), and set new erosion-minimizing requirements for receiving government agricultural benefits. These measures may have significant economic impact on existing agricultural commodity programs, and also result in the addition of several million acres to America's timberland base.

The Conservation Reserve (CRP)

The Conservation Reserve Program (CRP), established by the Act, has two purposes. First, it seeks to remove highly erodible land from intensive crop production. Second, and as importantly, it seeks to reduce the cost of commodity support programs by reducing overproduction.

The CRP provides annual rental payments to farmers who remove qualifying land from crop production and plant a permanent vegetative cover such as grass or trees. It also enables them to receive cost-share payments for establishing the alternative practice. Thus, a farmer can reduce his production costs by taking marginal land out of production, while still receiving income in the form of rental payments. In most cases, this combination of lower cost and rental income exceeds the income that would have been derived from the crop.

The popularity of the CRP is evident in the sign-ups during its first year. Between March, 1986 and February, 1987, 19 million acres were enrolled in the CRP. This is already nearly half of the 40 - 45 million acre goal established by the legislation for the period through 1991.

Tree Planting

Of the acres enrolled to date, 1.1 million acres were accepted with tree planting as the qualifying practice, or 6 percent of the total. In southern timber-producing regions, the percentage is much higher -- as high as 83 percent in the Southeast (Virginia, North Carolina, South Carolina, Georgia, and Florida); and 48 percent in the Delta region (Mississippi, Louisiana and Oklahoma). Table I details the enrolled CRP acreage.

In all, the CRP should result in a total of 3 - 5 million acres of tree planting through 1991. It will, therefore, be the largest tree planting program in U.S. history, eclipsing the tree-planting efforts of the Civilian Conservation Corps CCC), the Soil Bank, Forestry Incentives Program (FIP/ACP), and planting on the National Forests (NFS) during any five year period (Figure 1).

Other Provisions to Also Result in More Forest Cover

The CRP is just one program contained in the Farm Bill which will affect timberland. A number of other provisions may also have significant impacts during the next decade. In brief, they include:

Sodbuster. This section of the Farm Bill is designed to discourage conversion of highly erodible non-cropland to agricultural use. Sodbuster requires farmers to enter into conservation plans when farming highly erodible land or face losing eligibility for a broad range of government farm programs, including price and income supports, crop insurance, disaster payments, FmHA loans, CCC loans, CRP payments and all other USDA commodity related programs. Sodbuster is likely to forestall conversion of forestland to agricultural uses on as many as 74 million acres.

·*Swampbuster.* Similar provisions apply to conversions of wetlands to farm uses. Farmers must develop USDA-approved conservation plans before converting acres defined as wetland to crop production, or again lose eligibility for assistance programs on all acres they farm. Some 2.3 million acres of forestland are believed to be affected by this provision.

·*Conservation Compliance.* Of all of the Farm Bill's provisions, this one may have the most significant long-term impact on land usage. Under conservation compliance, eligibility for USDA agricultural benefits will be tied to conservation practices. To comply and receive benefits, farmers must implement a conservation plan reducing erosion on all highly erodible cropland, convert it to noncrop use (such as trees), or leave the land idle.

·*FmHA Programs.* Under a specially targeted Softwood Timber Program, Farmers Home Administration (FmHA) borrowers can grow softwood timber on marginal land and pledge future timber receipts as a way of paying back loans. It is a small program, limited to 50,000 acres, which will affect about a thousand farmers, and is viewed by FmHA as an option of last resort in restructuring debt for certain farmers. An additional option available to FmHA is to enter into conservation easements with financially distressed borrowers if such arrangements can help resolve their problems. Easements may also be incorporated into transactions involving properties where the U.S. has acquired title through default. Although not specific to timber, these easements might include tree cover has a conservation practice.

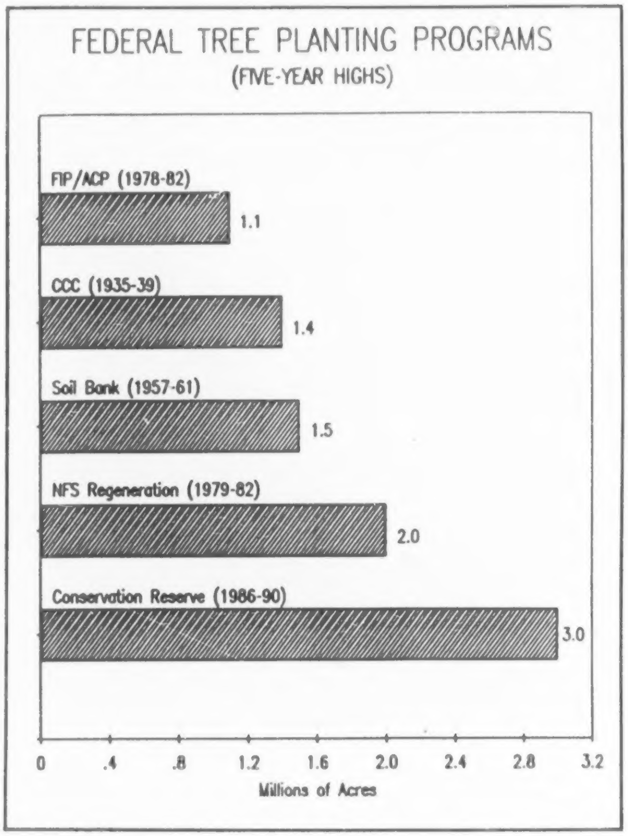


Figure 1: Tree planting under the CRP will exceed all other federal programs for any five-year period.

Economic Impacts

U.S. agricultural policy has long been criticized for providing both costly support programs and encouraging excess production at the same time. In recent years, U.S. direct payments to farmers have run on the order of $8 billion annually, not including credit and other support programs.

Although in themselves costly, the Farm Act conservation programs

CONSERVATION RESERVE PROGRAM
ENROLLED ACREAGE
(MARCH '86-FEBRUARY '87)

STATE	ELIGIBLE ACRES	ACRES ACCEPTED	ACRES WITH TREES	%
TOTAL U.S.	83,328,000	18,801,108	1,050,111	5.6%
ALABAMA	1,123,000	328,325	160,578	48.9%
ALASKA	0	23,204	0	0.0%
ARIZONA	191,000	0	0	0.0%
ARKANSAS	619,000	110,450	47,785	43.3%
CALIFORNIA	496,000	140,543	294	0.2%
COLORADO	4,515,000	1,442,160	760	0.1%
CONNECTICUT	22,000	0	0	0.0%
DELAWARE	17,000	220	70	31.8%
FLORIDA	149,000	58,342	53,570	91.8%
GEORGIA	901,000	318,824	295,035	92.5%
HAWAII	88,000	85	85	100.0%
IDAHO	1,822,000	564,314	988	0.2%
ILLINOIS	3,644,000	307,526	3,597	1.2%
INDIANA	1,910,000	156,247	2,132	1.4%
IOWA	7,121,000	1,363,999	3,496	0.3%
KANSAS	6,508,000	1,433,271	993	0.1%
KENTUCKY	1,828,000	289,967	1,172	0.4%
LOUISIANA	211,000	45,645	15,544	34.1%
MAINE	107,000	13,364	500	3.7%
MARYLAND	405,000	2,954	218	7.4%
MASSACHUSETTS	19,000	32	10	31.3%
MICHIGAN	411,000	83,636	2,585	3.1%
MINNESOTA	1,208,000	1,412,025	17,157	1.2%
MISSISSIPPI	1,504,000	429,009	223,723	52.1%
MISSOURI	4,988,000	956,564	1,568	0.2%
MONTANA	6,928,000	1,207,335	121	0.0%
NEBRASKA	4,395,000	840,938	1,379	0.2%
NEVADA	68,000	249	0	0.0%
NEW HAMPSHIRE	5,000	0	0	0.0%
NEW JERSEY	137,000	175	4	2.3%
NEW MEXICO	731,000	443,756	0	0.0%
NEW YORK	1,140,000	28,436	1,120	3.9%
NORTH CAROLINA	1,333,000	64,877	35,508	54.7%
NORTH DAKOTA	1,571,000	800,757	477	0.1%
OHIO	1,408,000	114,740	2,696	2.3%
OKLAHOMA	2,714,000	732,253	150	0.0%
OREGON	854,000	446,779	476	0.1%
PENNSYLVANIA	1,780,000	36,091	773	2.1%
PUERTO RICO	171,000	321	35	10.9%
RHODE ISLAND	2,000	0	0	0.0%
SOUTH CAROLINA	325,000	162,957	130,636	80.2%
SOUTH DAKOTA	1,304,000	527,880	102	0.0%
TENNESSEE	1,821,000	261,899	11,117	4.2%
TEXAS	11,091,000	2,313,670	8,706	0.4%
UTAH	334,000	203,041	0	0.0%
VERMONT	36,000	208	0	0.0%
VIRGINIA	804,000	27,836	11,520	41.4%
WASHINGTON	2,068,000	685,275	573	0.1%
WEST VIRGINIA	99,000	360	8	2.2%
WISCONSIN	2,295,000	255,735	12,842	5.0%
WYOMING	107,000	164,834	8	0.0%

SOURCE: U.S. Department of Agriculture

Table I: Tree planting in some states accounts for the lion's share of enrolled CRP acres.

provide an opportunity for reducing excess crop production and lowering commodity payments and other agriculture set aside programs.

According to analyses conducted by the American Farmland Trust and the USDA, the CRP should result in a net saving of $1.2 billion annually by 1990. This is because by reducing surplus crop production, the CRP raises commodity prices. Lower production and higher prices mean lower support payments. According to the American Farmland Trust, net farm income should increase by $2.5 billion in the five year period as a result of higher prices and lower production costs, outweighing the reduction in sales volume and government payments.

Timberland Impacts

America's timber supply has long been the subject of concern and debate. In recent years, low rates of forest regeneration on farmer-owned and other non-industrial private land has raised the possibility that future timber supply may be severely curtailed. The problem has led the Forest Service to conduct a study on the timber supply/demand situation in the southern region, where farmer-owned forestland predominates. The study noted that forestland acreage had declined by 16 million since 1962, and was likely to decline by additional 6 percent by the year 2000.

Its probably still too early to assess the quantitative impact on future timber supply directly related to the conservation programs. However, at the very least, they have the potential of inducing a net increase of timberland in the South, reversing the trend of the past two decades. In summary, these programs should reduce commodity program costs, and increase net farm income, while augmenting timberland -- all side affects of programs whose main purpose is to reduce soil erosion by 1.1 billion tons per year.

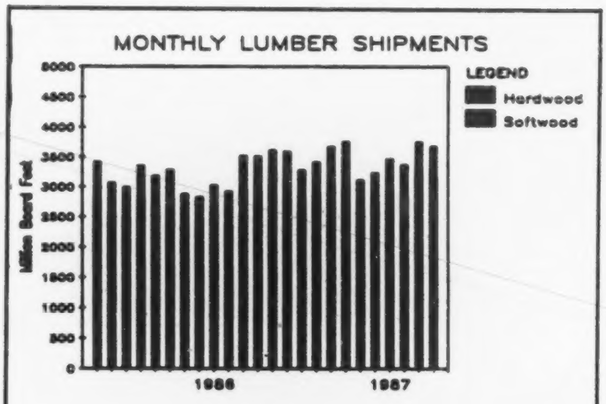
ECONOMICS MONTHLY

MONTHLY STATISTICAL SUPPLEMENT

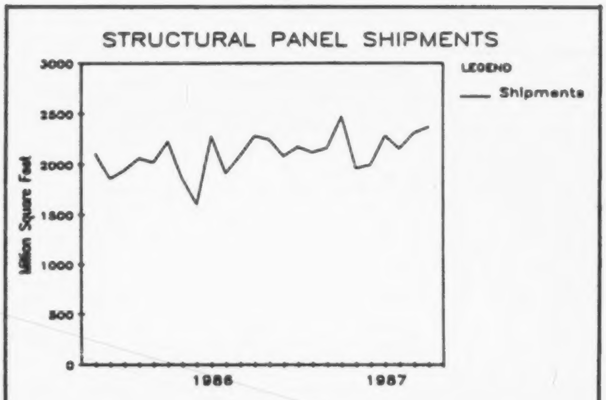
Issued: June 26, 1987

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	APRIL, 1987			APRIL 30, 1987	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER	(Million Board Feet)				
Southern Pine Region	1,092	1114	1092	806	1,969
Douglas Fir Region	853	849	799	747	1,078
Western Pine Region	886	839	878	583	1,379
California Redwood Region	182	180	186	113	439
Other Softwoods	154	155	151	271	316
TOTAL SOFTWOODS	3,167	3,187	3,106	2,520	5,181
% Change - March 1987	-5.7%	-2.4%	-5.3%	-3.1%	-0.4%
% Change - April 1986	3.8%	6.1%	10.5%	15.2%	4.8%
HARDWOOD LUMBER					
Southern Hardwood Region	203	224	244	300	712
Appalachian Hardwood Reg.	60	68	72	*	*
Other Hardwoods	186	207	224	249	661
TOTAL HARDWOODS	449	499	540	549	1,373
% Change - March 1987	11.4%	1.2%	14.4%	7.2%	-3.5%
% Change - April 1986	-12.6%	-2.5%	11.3%	18.1%	-21.3%
TOTAL LUMBER	3,616	3,686	3,646	3,072	6,554
% Change - March 1987	-3.9%	-1.9%	-2.8%	-1.3%	-1.1%
% Change - April 1986	1.5%	4.8%	10.6%	15.8%	-2.0%
* Included in Other Hardwoods					
FLOORING	(Thousand Feet)				
Oak Flooring (Bd. Ft.)	NA	13,555	NA	12,896	5,926
Maple Flooring (Sq. Ft.)	1,131	864	1,269	4,200	2,407
STRUCTURAL PANELS (Sq. Ft.)	2,382,894	2,368,902	2,322,200	749,071	418,000
% Change - March 1987	0.7%	2.5%	-1.6%	-5.9%	3.6%
% Change - April 1986	0.5%	3.8%	9.6%	22.5%	-2.1%



Source: NFPA



Source: American Plywood Association

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YEAR-TO-DATE INDICATORS

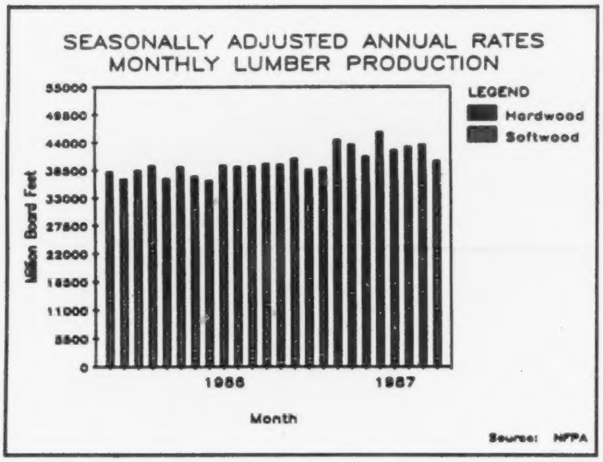
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	4 mo.'87	4 mo.'86	4 mo.'87	4 mo.'86	4 mo.'87	4 mo.'86
	(Million Board Feet)					
TOTAL LUMBER	14,157	7.3%	14,296	10.1%	14,644	10.4%
TOTAL SOFTWOOD	12,457	11.1%	12,319	11.6%	12,621	12.3%
TOTAL HARDWOOD	1,700	-14.0%	1,977	1.4%	2,023	-0.2%
	(Million Square Feet)					
STRUCTURAL PANELS	9,183	5.7%	9,120	6.5%	9,223	8.5%

SEASONALLY ADJUSTED ANNUAL RATES

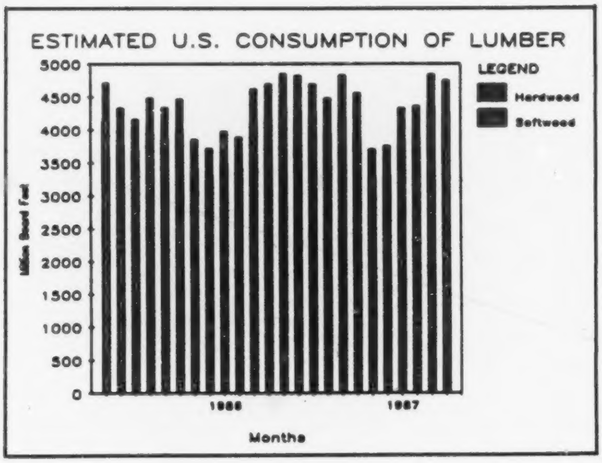
	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	Apr. '87	Mar. '87	Apr. '86	Apr. '87	Mar. '87	Apr. '86
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	12,402	3.1%	4.7%	12,923	9.5%	11.3%
Douglas Fir	9,274	-13.0%	9.1%	9,282	-13.8%	10.8%
Western Pine	9,553	-21.2%	-1.7%	9,920	-22.1%	-1.0%
Calif. Redwood	2,191	4.1%	3.4%	2,029	-1.0%	-6.7%
Other Softwoods	1,728	-10.7%	4.1%	1,773	-8.5%	6.2%
TOTAL SOFTWOODS	35,148	-9.5%	3.9%	35,927	-8.6%	6.1%
TOTAL HARDWOODS	5,250	10.1%	-12.6%	5,690	-0.2%	-2.5%
TOTAL LUMBER	40,399	-7.4%	1.4%	41,618	-7.5%	4.9%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	Apr. '87	Mar. '87	Apr. '86	4 mo.'87	4 mo.'86
	(Million Board Feet)				
Total Consumption	4,755	-1.8%	1.2%	18,290	6.5%
Softwood Consumption	4,270	-2.4%	1.7%	16,392	7.4%
Hardwood Consumption	484	3.1%	-2.4%	1,898	-1.0%


SEASONALLY ADJUSTED ANNUAL RATES
MONTHLY LUMBER PRODUCTION

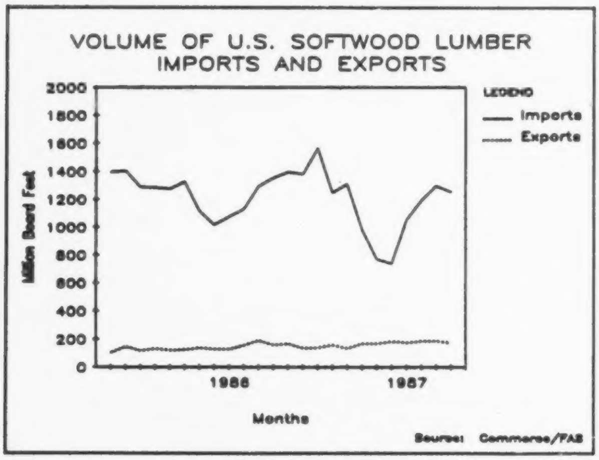
Source: NFPA


ESTIMATED U.S. CONSUMPTION OF LUMBER

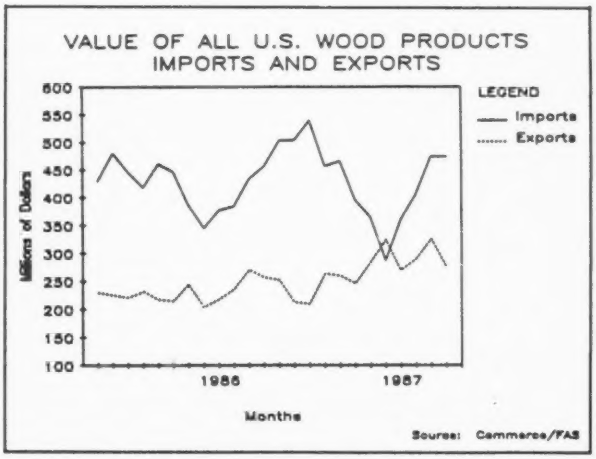
INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		Apr. '87	4 mo. 1987	% Change From Mar. '87	% Change From 4 mo. 1986	Apr. '87	4 mo. 1987	% Change From Mar. '87	% Change From 4 mo. 1986
EXPORTS									
SOFTWOOD LUMBER	MMBF	169.9	718.0	-9.3%	14.2%	61,934	259,081	-13.1%	28.3%
To Canada	MMBF	39.4	133.4	23.3%	10.9%	9,758	33,377	19.8%	12.9%
SOFTWOOD LOGS	MMBF	249.6	1,190.3	-27.3%	1.3%	83,495	398,435	-27.0%	7.7%
SOFTWOOD PLYWOOD	MMSF 3/8"	50.0	336.0	-43.1%	31.1%	10,147	74,243	-48.1%	36.4%
HARDWOOD LUMBER	MMBF	53.1	201.7	-2.0%	31.9%	34,517	129,711	-0.3%	22.8%
HARDWOOD LOGS	MMBF	29.3	69.1	88.2%	41.9%	14,523	51,399	-11.8%	18.1%
HARDWOOD VENEER	MMSFsurf	124.4	429.4	1.7%	49.1%	10,041	35,639	-3.3%	49.3%
PARTICLEBOARD	MMSF 3/4"	18.2	73.0	-20.5%	37.4%	4,085	15,724	-17.8%	53.0%
ALL OTHER		NA	NA	NA	NA	55,253	188,253	5.4%	15.1%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	275,006	1,157,840	-15.5%	18.5%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,253.2	4,791.0	-3.2%	-1.3%	258,170	955,281	-4.3%	-1.6%
From Canada	MMBF	1,242.5	4,745.0	-3.4%	-1.3%	254,852	943,341	-4.4%	-2.0%
SOFTWOOD LOGS	MMBF	1.8	6.3	-23.0%	-45.4%	662	2,331	-33.5%	109.1%
SOFTWOOD PLYWOOD	MMSF 3/8"	10.3	38.3	-0.2%	-4.3%	2,911	10,436	11.4%	-4.6%
HARDWOOD LUMBER	MMBF	36.4	124.0	11.1%	3.8%	18,384	67,846	-3.9%	24.2%
HARDWOOD LOGS	MMBF	0.4	5.7	-31.3%	1.8%	82	803	-60.0%	-30.8%
HARDWOOD VENEER	MMSFsurf	147.0	543.5	9.8%	0.2%	11,135	41,568	-2.6%	12.9%
HARDWOOD PLYWOOD	MMSFsurf	379.1	1,329.6	13.1%	-3.8%	53,317	181,544	16.5%	7.4%
HARDBOARD	MMSF 1/8"	54.7	250.9	-32.2%	-18.6%	4,199	18,849	-27.4%	-3.8%
PARTICLEBOARD	MSF 3/4"	118.4	434.2	5.5%	29.6%	11,768	42,797	6.4%	-2.8%
ALL OTHER		NA	NA	NA	NA	112,709	393,141	4.7%	14.6%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	474,176	1,716,270	-0.1%	3.9%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.



Source: Commerce/FAS



Source: Commerce/FAS

VALUE OF NEW CONSTRUCTION

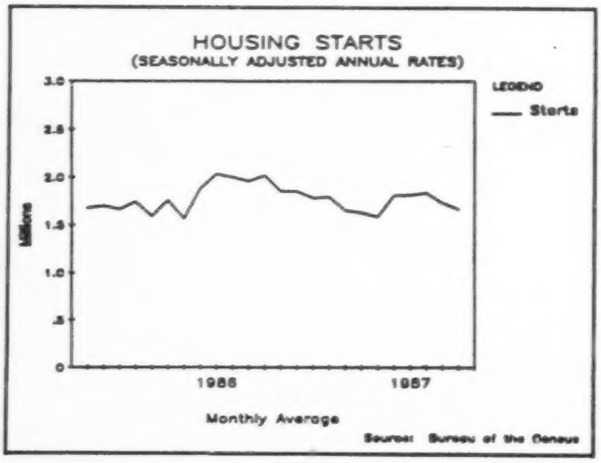
	CURRENT			YEAR-TO-DATE	
	Latest Month Available	---% Change From---		Latest Period Available	% Change From
	Apr. '87	Mar. '87	Apr. '86	4 mo. '87	4 mo. '86
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	29.6	5.7%	3.0%	108.3	2.6%
Private	23.9	3.9%	1.3%	88.7	1.0%
Residential	13.9	1.5%	8.3%	51.2	10.8%
Nonresidential & Other	10.0	7.5%	-7.1%	37.5	-9.8%
Public	5.7	14.0%	10.7%	19.8	11.8%

HOUSING STARTS

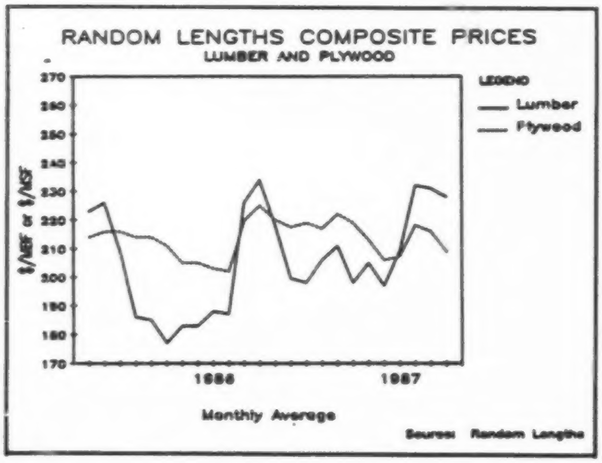
	Apr. '87	Mar. '87	Apr. '86	4 mo. '87	4 mo. '86
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	164.0	15.1%	-12.9%	514.4	-8.6%
New Private Starts	163.8	15.0%	-13.0%	514.1	-8.5%
Seas. Adj. Annual Rate	1,699.0	-2.9%	-12.6%		
One-Family Housing Starts	120.9	19.6%	2.1%	363.0	3.0%
Proportion of Total	0.7			0.7	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	21,100.0	0.1	(0.1)	73,000	-9.9%

INDUSTRY EMPLOYMENT

	Apr. '87	----% Change From--- Mar. '87	Apr. '86
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	102,325	0.3%	2.5%
All Manufacturing Industries	19,224	0.1%	-0.1%
Lumber and Wood Products	758	0.4%	5.4%
Furniture and Fixtures	507	0.4%	2.6%


HOUSING STARTS
(SEASONALLY ADJUSTED ANNUAL RATES)

Source: Bureau of the Census


RANDOM LENGTHS COMPOSITE PRICES
LUMBER AND PLYWOOD

Source: Random Lengths

8/7/87 A-78 70-3

NFPA AN ECONOMICS BULLETIN OF THE FOREST PRODUCTS INDUSTRY

ECONOMICS MONTHLY

Volume III **Number 7** **July, 1987**

MONTHLY STATISTICAL HIGHLIGHTS

May's softwood lumber production fell 3.1 percent from April, but was up 3.5 percent from a year ago.

New orders for softwood lumber rose 7 percent in May, while gross stocks declined by nearly 2 percent.

Softwood lumber consumption was running 5.3 percent ahead of last year during the first five months of 1987.

The Commerce Department reports that U.S. manufacturing labor productivity rose 3.5 percent during 1986, outpacing other industrial countries for the first time in three decades.

The Department of Commerce reports that expenditures on residential properties totaled $91,274 million in 1986. This compared with $80,267 million in 1985, and $69,784 million in 1984.

THE TIMBER BUYOUT REVISITED

Two years after Congress passed the Federal Timber Contract Payment Modification Act of 1984 (FTCPMA), a substantial volume of "high-priced" timber purchased before 1982 has yet to work its way through the system. A significant portion of this volume is not yet profitable to harvest and may never be. Producers will soon face hard decisions about blending these volumes in with newer, presumably more profitable timber, or incur liabilities from defaults. Defaults on federal timber contracts increased dramatically last year, particularly on pre-1982 contracts.

Under the FTCPMA, timber purchased from the federal government prior to January 1, 1982 was eligible to be returned after payment of a buyout fee. The Act allowed purchasers to buy out of 55 percent of unharvested volume they held under pre-1982 contracts, up to as much as 200 million board feet. The buyout payment ranged from $10 per thousand board feet (MBF) to 15 percent of the original overbid (the Act set up a financial hardship test to determine the buyout fee). Approximately 18.6 billion board feet under contract was eligible for the buyout by virtue of its purchase date. By October, 1985, a total of 1,848 contracts representing nearly 11 billion board feet, were returned to the Forest Service and BLM, with a total payment of $182 million.

Region 6 and BLM

As a follow-up to a story we ran in the April, 1986 issue of Economics Monthly on the aftermath of the buyout legislation, we recently examined the current status of pre-1982 contracts. For this analysis, we looked at Forest Service Region 6 and the BLM, which accounted for the lion's share of the high-priced contracts, and for which data were compiled. On December 31, 1985, 5.1 billion board feet of volume in pre-1982 contracts still remained in Region 6 and the BLM. As of that date, this represented a $770 million liability to purchasers holding the contracts.

Volume data for both Region 6 and BLM were again analyzed for net value a year later, on December 31, 1986. At then-current market prices, about two-thirds, or 3.4 billion board feet, still remained in these contracts, representing a potential liability of over $388 million.

Table I shows estimates of net value represented by the volume held by purchasers at the close of 1986. Net value is defined as the delivered log value minus the delivered log cost estimated for each of the identified 662 pre-1982 sales. Thirteen percent of the volume (441 million board feet) would return a profit, according to this analysis. Interestingly, most of this positive net-valued volume is on the East Side of Region 6,

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where strong Ponderosa Pine markets have buoyed stumpage prices.

In contrast, losses on over 60 percent of the remaining volume exceeded $75 per thousand board feet on December 31, 1986. Given current and prospective market conditions, it is unlikely that all of the losses represented by these contracts will disappear before the timber is harvested. Losses representing an excess of $150 per thousand board feet make up over a third of the total volume, with purchasers of these contracts standing to lose over $270 million, based upon December, 1986 market values. Even with the 20 percent increase in lumber prices this year, this volume still represents a significant loss, and is unlikely to prove economically viable by itself.

Most of the losses represented by the pre-1982 contracts tend to be concentrated with a small number of purchasers. Table II shows this distribution, and suggests that nine purchasers each stand to lose over $10 million on those contracts. They hold over half of the volume in the total, representing two-thirds of the total loss.

Table I: Pre-1982 contracts represent as much as $388 million in losses for purchasers.

Volume in Pre-1982 Contracts
by Net Value Per MBF

Region 6 and BLM

Net Value ($/MBF)	Volume MMBF	Total Net Value ($ Mil)
greater than 0	441	17.5
0 to -75	835	-31.4
-75 to -150	913	-101.0
-150 to -225	789	-146.9
less than -225	454	-126.9
Total	3,431	-388.6

Source: Timber Data Company; NFPA

What to Do -- Purchaser Options

Purchasers holding an unprofitable contract face two unappealing options. They can either operate the contract and try to absorb the loss, or default the contract.

Prior to passage of the FTCPMA, the Forest Service allowed purchasers to extend the expiration date of sales purchased before 1982 by up to five years. The notion behind the Multi-Sale Extension Program was that purchasers could "blend" losses from the harvest of old, unprofitable sales with profits from the harvest of newer sales bid at more reasonable rates. The Reagan Administration hoped that the contract extension program would help companies to recover from the liabilities of the high-priced contracts without forcing them into bankruptcy.

The extension program stretched the contract expiration dates to as far as 1991. The bulk of the volume is due to expire during 1989. Whether or not a purchaser can successfully blend the timber from these older, high-priced contracts with timber from more recent sales depends upon whether the margins from the newer contracts are great enough to offset the losses on the old contracts. Unfortunately, keen competition for volume offered for sale over the last couple of years has kept margins low, thereby making it difficult for many purchasers to offset substantial losses on the old contracts.

Defaults During 1986

Faced with considerable losses from operating unprofitable contracts, some purchasers have already turned to the option of defaulting timber sales. Since 1982, approximately 2 billion board feet of federal timber has been defaulted; this is extremely high by historical standards. Some 311 purchasers defaulted on 613 individual sales, so defaults are not only a problem for just a handful of companies. Most of the defaulted volume -- 1.6 billion board feet -- was defaulted during fiscal year 1986. Of the total, Region 6 and BLM accounted for 1.2 billion board feet, with almost 1 billion board feet of that amount accounted for by pre-1982 contracts. Producers would have incurred losses totaling more than $160 million had they harvested the defaulted volume, paid for it at the bid price, and sold it at current log prices.

Several reasons for the defaults during 1986 could be identified. Approximately half the volume, or 780 million board feet, was held by purchasers involved in some kind of bankruptcy proceeding. Other defaults were attributable to a failure to fill some contractual obligation such as an interim payment, to not being included in a Multi-Sale Extension Plan, or because a particular company went out of the business altogether.

Unclear Whether Further Defaults Are Imminent

How much of the pre-1982 volume will ultimately be harvested and how much will be defaulted is largely a matter of speculation. The timing of future harvests or defaults is suggested by looking at the distribution of the volume in old sales by contract expiration date. For example, Figure 1 shows that almost half of the remaining volume is in contracts that expire in 1989. Of that amount, over 1.0 billion board feet represents a potential loss -- of at least $75 per MBF if calculated based on December 31, 1986 markets.

For contracts coming due this year -- in 1987 -- losses on as much as 160 million board feet can be expected. This volume represented a loss in excess of $75 per MBF on December 31, 1986, a loss which would likely be realized even in today's more favorable economic climate. Looking to 1988, there is over 360 million board feet, or 80% of the volume expiring next year, which represents a similar loss.

Net Value of Portfolios of Pre-1982 Contracts
Region 6 and BLM

Net Value/Portfolio ($ Mil)	No. of Purchasers	Tot. Vol. (MMBF)	Tot. Net Value ($ Mil)
greater than 0	26	370	13
0 to -1	43	414	-14
-1 to -10	33	976	-132
-10 to -25	7	867	-110
less than -25	2	804	-146
Total	111	3,431	-389

Source: Timber Data Company; NFPA

Table II:
As many as 85 purchasers may suffer losses from pre-1982 contracts.

Defaulting Is Not Without Its Problems

Aside from market conditions, other factors will influence a company's decision whether or not to default a federal timber contract. Defaulting on a federal timber sale is becoming increasingly costly and risky. First, purchasers defaulting Federal timber sale contracts are liable for damage assessments that equal the difference between the original bid price of the sale and the resale value, plus the administrative costs of re-offering the sale. Purchasers defaulting timber sales are in effect gambling that the resale value of the timber sale will be high enough that the damage assessment will be less than the loss experienced by harvesting the sale at the original bid price.

Secondly, a purchaser may also find it more difficult to enter into new contracts if he defaults any Federal timber sales. In a April 10, 1987 letter, the Chief of the

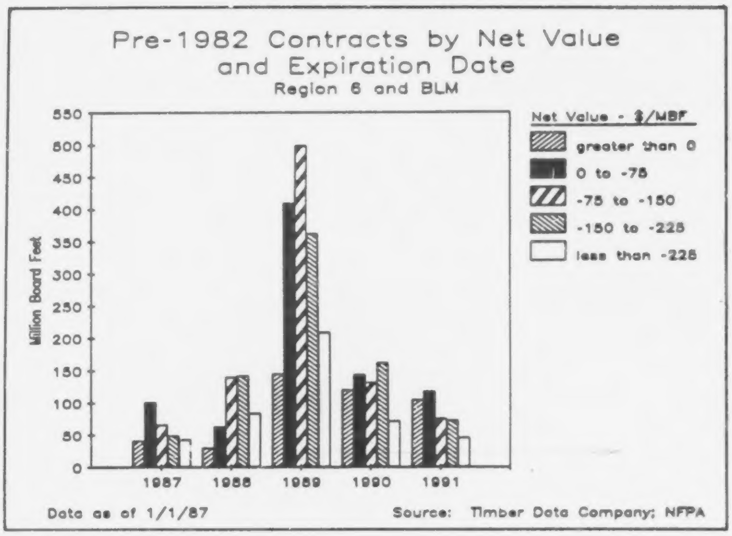


Figure 1: Most of the volume in pre-1982 timber contracts is due in 1989, and represents substantial losses.

Forest Service directed the Regional Foresters to evaluate more rigorously whether a bidder will be able to operate a timber sale before awarding the contract. Part of the evaluation consists of determining the impact of outstanding default assessments on the purchaser's net book worth. If the net book worth is less than the purchaser's total potential liability for default damages on all Federal timber sale contracts, the purchaser will be considered financially irresponsible, and will not be awarded the timber sale contract.

Lastly, and most significantly, the Forest Service has proposed new contract provisions which would restrict the ability of purchasers who have defaulted on previous sales to enter into new contracts. The agency is considering doubling the down payment requirements on new sales for those purchasers. The BLM has already established similar procedures. Some purchasers, therefore, may find that it is more advantageous to absorb the loss on some sales than to jeopardize their ability to secure new sale volume in the future.

Decisions To Be Made Before 1989

In many cases, the decision to harvest or default will be made during the year before the contract comes due. This is because certain provisions of the Multi-Sale Extension Program requires harvesting some timber before the contract due date, and because about one third of the pre-1982 contracts expire at the end of the first quarter of the calendar year. Since the harvest plans for these contracts usually specify that the volume must be harvested by the end of the previous calendar year, a sale would essentially be operated (or go into default) at the end of the operating season of the year previous to the expiration year.

Therefore, the status of much of the volume expiring in 1989 will be known sooner, in either 1987 or 1988.

Wrap-Up

In summary, over 3.4 billion board feet remained in sales bid prior to 1982 at the beginning of 1987. At least 2.1 billion board feet of that volume is unlikely to be economic to harvest, and would therefore result in losses of over $375 million to purchasers holding those contracts. While about half of that volume is in contracts which expire in 1989, purchasers that decide to default or harvest that volume will probably do so in 1987 and 1988.

NOTE: Last month's story about the Conservation measures of the 1985 Farm Bill was based in large part on two papers: Moulton & Dicks, "Implications of the 1985 Farm Act for Forestry", and American Farmland Trust, "Impacts of the Conservation Reserve". Copies of both papers are available by calling 202/463-2714.

A7870-3

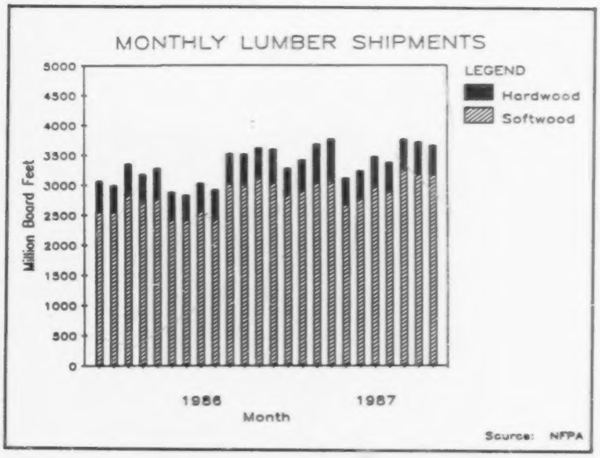
ECONOMICS MONTHLY

MONTHLY STATISTICAL SUPPLEMENT

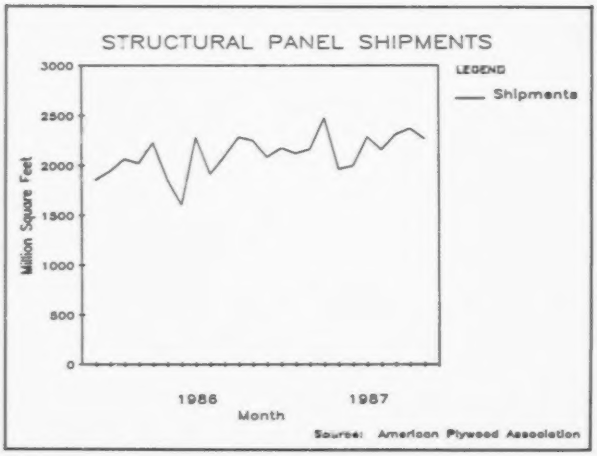
Issued: July 29, 1987

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	MAY, 1987			MAY 31, 1987	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER	(Million Board Feet)				
Southern Pine Region	988	997	1116	936	1,972
Douglas Fir Region	846	889	923	781	1,035
Western Pine Region	928	965	964	582	1,342
California Redwood Region	176	179	179	113	436
Other Softwoods	150	155	163	280	312
TOTAL SOFTWOODS	3,088	3,185	3,345	2,692	5,097
% Change - April 1987	-3.1%	-0.3%	7.0%	6.3%	-1.9%
% Change - May 1986	3.5%	1.8%	14.7%	36.4%	6.2%
HARDWOOD LUMBER					
Southern Hardwood Region	211	230	245	315	693
Appalachian Hardwood Reg.	41	46	48	*	*
Other Hardwoods	178	195	207	262	642
TOTAL HARDWOODS	430	471	500	577	1,335
% Change - April 1987	-7.5%	-9.2%	-10.9%	4.9%	-3.0%
% Change - May 1986	-13.8%	-3.7%	-0.8%	20.2%	-23.9%
TOTAL LUMBER	3,518	3,656	3,845	3.274	6,432
% Change - April 1987	-3.6%	-1.5%	4.3%	6.1%	-2.1%
% Change - May 1986	1.0%	1.1%	12.4%	33.4%	-1.9%
* Included in Other Hardwoods					
FLOORING	(Thousand Feet)				
Oak Flooring (Bd. Ft.)	NA	14,112	NA	11,264	5,705
Maple Flooring (Sq. Ft.)	1,001	1,185	1,035	4,166	2,251
STRUCTURAL PANELS (Sq. Ft.)	2,238,445	2,265,375	2,064,182	547,878	393,000
% Change - April 1987	-6.1%	-4.4%	-11.1%	-26.9%	-6.5%
% Change - May 1986	0.1%	0.9%	-0.1%	26.7%	-3.9%



Source: NFPA



Source: American Plywood Association

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YEAR-TO-DATE INDICATORS

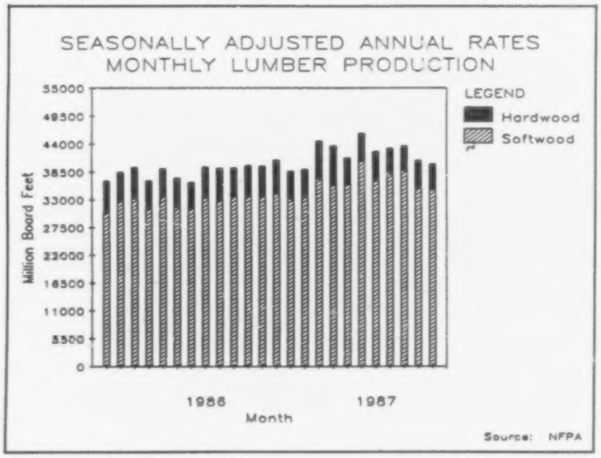
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	5 mo.'87	5 mo.'86	5 mo.'87	5 mo.'86	5 mo.'87	5 mo.'86
	(Million Board Feet)					
TOTAL LUMBER	17,712	6.2%	17,980	8.3%	18,530	11.0%
TOTAL SOFTWOOD	15,566	9.6%	15,512	9.5%	15,986	12.9%
TOTAL HARDWOOD	2,146	-13.3%	2,468	1.2%	2,544	0.5%
	(Million Square Feet)					
STRUCTURAL PANELS	11,422	4.6%	11,385	5.3%	11,287	6.8%

SEASONALLY ADJUSTED ANNUAL RATES

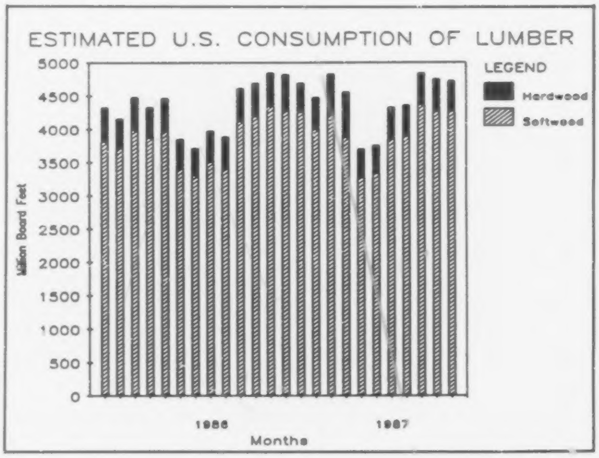
	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	May '87	Apr. '87	May '86	May '87	Apr. '87	May '86
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	10,805	-14.3%	-0.7%	10,498	-19.2%	0.2%
Douglas Fir	9,884	6.6%	2.5%	9,788	5.5%	0.2%
Western Pine	10,682	11.8%	9.4%	11,071	11.6%	7.5%
Calif. Redwood	1,922	-12.3%	2.3%	2,016	-0.6%	-9.1%
Other Softwoods	1,702	-2.2%	3.4%	1,718	-3.1%	2.0%
TOTAL SOFTWOODS	34,995	-1.0%	3.5%	35,090	-2.5%	1.9%
TOTAL HARDWOODS	5,088	-6.4%	-13.8%	5,425	-8.3%	-3.7%
TOTAL LUMBER	40,083	-1.8%	0.9%	40,515	-3.3%	1.1%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	May '87	Apr. '87	May '86	5 mo.'87	5 mo.'86
	(Million Board Feet)				
Total Consumption	4,726	-1.1%	-2.5%	23,044	4.6%
Softwood Consumption	4,276	0.0%	-1.9%	20,676	5.4%
Hardwood Consumption	450	-10.8%	-8.1%	2,368	-1.6%


SEASONALLY ADJUSTED ANNUAL RATES
MONTHLY LUMBER PRODUCTION

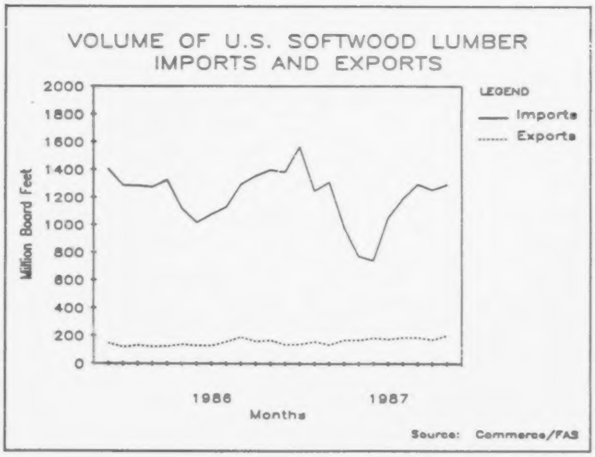
Source: NFPA


ESTIMATED U.S. CONSUMPTION OF LUMBER

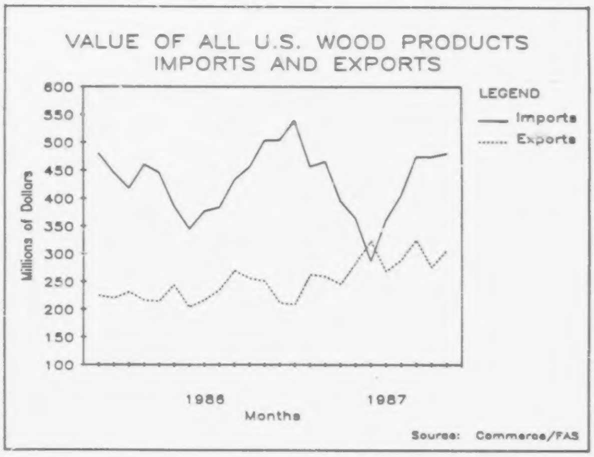
INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		May. '87	5 mo. 1987	% Change From Apr. '87	% Change From 5 mo. 1986	May '87	5 mo. 1987	% Change From Apr. '87	% Change From 5 mo. 1986
EXPORTS									
SOFTWOOD LUMBER	MMBF	200.8	918.8	18.2%	15.7%	73,071	332,153	18.0%	27.3%
To Canada	MMBF	41.5	174.9	5.4%	15.8%	9,867	43,244	1.1%	16.2%
SOFTWOOD LOGS	MMBF	287.9	1,478.2	15.3%	2.5%	102,062	500,496	22.2%	8.8%
SOFTWOOD PLYWOOD	MMSF 3/8"	29.1	365.1	-41.8%	32.8%	6,659	80,902	-34.4%	37.5%
HARDWOOD LUMBER	MMBF	58.5	260.2	10.2%	35.6%	37,286	166,998	8.0%	25.3%
HARDWOOD LOGS	MMBF	9.4	78.5	-68.0%	32.8%	11,458	62,856	-21.1%	14.3%
HARDWOOD VENEER	MMSFsurf	141.0	570.4	13.3%	52.6%	10,519	46,158	4.8%	46.6%
PARTICLEBOARD	MMSF 3/4"	17.5	90.6	-3.5%	38.6%	3,936	19,660	-3.6%	54.2%
ALL OTHER		NA	NA	NA	NA	59,920	248,173	8.4%	17.6%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	306,219	1,464,059	11.3%	19.2%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,292.0	6,083.0	3.1%	-2.6%	265,156	1,220,437	2.7%	-4.4%
From Canada	MMBF	1,281.9	6,026.8	3.2%	-2.8%	262,610	1,205,951	3.0%	-4.8%
SOFTWOOD LOGS	MMBF	2.3	8.6	25.1%	-43.3%	1,104	3,435	66.8%	123.2%
SOFTWOOD PLYWOOD	MMSF 3/8"	12.2	50.6	18.9%	-9.5%	2,632	13,068	-9.6%	-12.2%
HARDWOOD LUMBER	MMBF	36.4	160.5	0.1%	2.3%	19,888	87,738	8.2%	22.2%
HARDWOOD LOGS	MMBF	1.4	7.1	230.1%	-12.3%	196	999	139.0%	-33.6%
HARDWOOD VENEER	MMSFsurf	162.5	706.0	10.6%	4.2%	13,046	54,614	17.2%	15.6%
HARDWOOD PLYWOOD	MMSFsurf	303.4	1,633.0	-20.0%	-3.1%	47,531	229,075	-10.9%	10.7%
HARDBOARD	MMSF 1/8"	85.3	336.1	56.0%	-11.0%	5,825	24,674	38.7%	1.9%
PARTICLEBOARD	MSF 3/4"	122.4	556.6	3.4%	29.1%	12,065	54,862	2.5%	-4.1%
ALL OTHER		NA	NA	NA	NA	112,023	505,164	-0.6%	11.7%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	479,992	2,196,262	1.2%	1.9%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.


VOLUME OF U.S. SOFTWOOD LUMBER IMPORTS AND EXPORTS

Source: Commerce/FAS


VALUE OF ALL U.S. WOOD PRODUCTS IMPORTS AND EXPORTS

Source: Commerce/FAS

VALUE OF NEW CONSTRUCTION

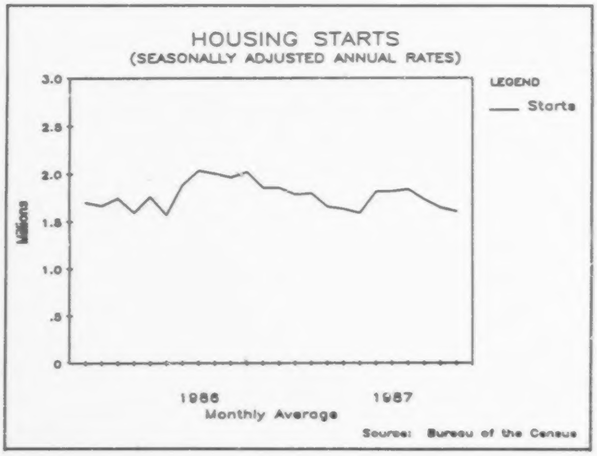
	CURRENT			YEAR-TO-DATE	
	Latest Month Available	---% Change From---		Latest Period Available	% Change From
	May. '87	Apr. '87	May. '86	5 mo. '87	5 mo. '86
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	34.0	11.5%	4.0%	144.6	1.2%
Private	27.7	11.7%	4.5%	118.6	0.1%
Residential	17.3	15.3%	10.2%	71.1	6.6%
Nonresidential & Other	10.4	6.1%	-3.7%	47.6	-8.1%
Public	6.3	10.5%	1.6%	25.9	6.1%

HOUSING STARTS

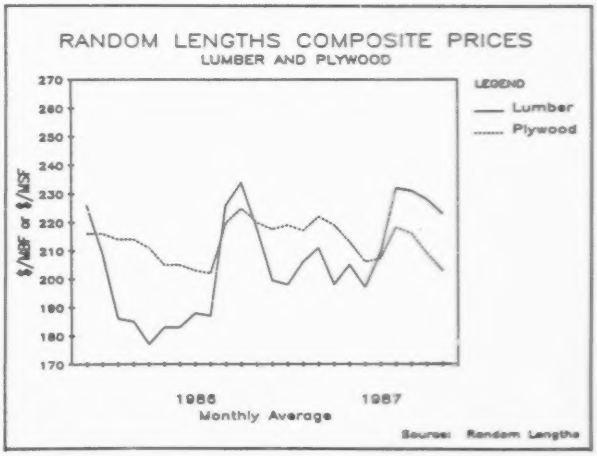
	May. '87	Apr. '87	May. '86	5 mo. '87	5 mo. '86
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	158.0	-0.9%	-15.4%	666.7	-11.0%
New Private Starts	157.7	-1.0%	-15.5%	666.1	-11.0%
Seas. Adj. Annual Rate	1,602.0	-2.5%	-13.3%		
One-Family Housing Starts	113.0	-4.5%	-10.4%	472.7	-1.2%
Proportion of Total	0.7			0.7	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	20,200.0	-4.3%	-10.2%	77,200	-25.4%

INDUSTRY EMPLOYMENT

		----% Change From---	
	May. '87	Apr. '87	May. '86
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	101,732	0.1%	2.4%
All Manufacturing Industries	19,016	0.0%	0.0%
Lumber and Wood Products	740	0.5%	4.8%
Furniture and Fixtures	509	1.0%	2.6%


HOUSING STARTS
(SEASONALLY ADJUSTED ANNUAL RATES)

Source: Bureau of the Census


RANDOM LENGTHS COMPOSITE PRICES
LUMBER AND PLYWOOD

Source: Random Lengths

9/17/87 A7870-3

NFPA
AN ECONOMICS BULLETIN OF THE FOREST PRODUCTS INDUSTRY

ECONOMICS MONTHLY

Volume III Number 8 August, 1987

MONTHLY STATISTICAL HIGHLIGHTS

Softwood lumber production in June was at a seasonally-adjusted annual rate of 41.1 billion board feet.

Wood products exports during the first half of the year totaled nearly $1.8 billion, up 25 percent from last year.

Western lumber shipments rose 9 percent in June, and are up over 11 percent for the year.

Seasonally-adjusted monthly sales of lumber and other construction materials by merchant wholesalers soared to nearly $5 billion in June, 22 percent higher than in June, 1986.

The U.S. merchandise trade deficit rose to $81.9 billion during the first six months of the year, up from $78.6 billion last year.

ECONOMY WATCH -- BANNER YEAR IN SIGHT

Will 1987 be a banner year? It certainly appears so. Eight months into the year, the wood products industry is thriving. Shipments of softwood lumber during the first six months were up 15 percent from last year and regional reports for July and August also show gains. The same is true for structural panels and other wood products. Hardwood producers are reporting multiple worker shifts and fat order files. Unfortunately, the statistics are not accurately reflective of the increased activity in the hardwood segment. [NOTE: NFPA is currently reassessing its method of computing hardwood statistics; more reliable figures will be available in the near future.]

Wood product markets continue their robust performance despite a housing slowdown. Consumption of softwood lumber will likely reach 50 billion board feet this year, higher than most forecasts had projected. Among the explanations:

- *more wood* -- particularly wood amenities such as decking -- is being used in houses which are, on average, larger.
- *wood demand for repair and remodeling accounts for a larger share of domestic consumption.* The additions and alterations segment of R&R jumped by one-third in 1986, and continues.
- *cocooning* -- sociologists' new term for the phenomenon of maturing baby boomers' preference for staying at home -- has fueled demand for household furniture and cabinetry.

Moreover, industry performance is buoyed by a relatively firm market. Through July, the Random Lengths Composite averaged $228/MBF, up from last year's $205/MBF. In late August, the composite reached $250.00 per MBF, the highest it has been since June, 1983 (Figure 1).

HOME EQUITY LINES OF CREDIT -- HELPING TO FUEL R&R

Home equity lines of credit are being promoted aggressively by banks and other financial institutions. Consequently, their growth has been rapid. Outstanding balances on equity lines of credit are currently estimated at roughly $55 billion, and are expected to approach $75 billion before year's end. Surveys show that home improvement is the second most frequent use of home equity loans, behind consolidation of other debt. Therein lies the significance for the wood industry: home equity loans have helped fuel increases in repair and remodeling, a major growth segment of the domestic wood products market. Home equity loans are also used for furniture and second home purchases.

Home equity loans typically provide a credit line equal to the

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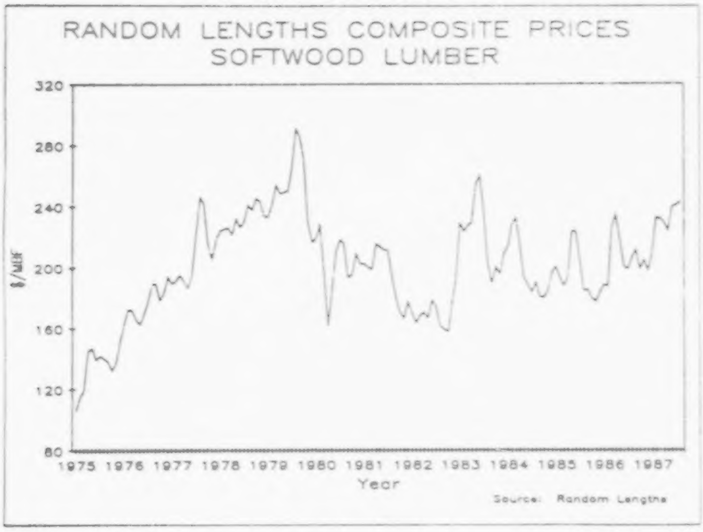


Figure 1: The Random Lengths Composite for softwood lumber is at its highest level in four years.

difference between 80 percent of the current market value of a home and the debts the homeowner has secured with his property. Thus, home equity lines of credit generally have higher credit limits than other types of consumer loans. Often they exceed $20,000. Applicants incur closing costs as they would if applying for a mortgage, but interest rates are lower.

According to a University of Michigan survey conducted during March and April for the Federal Reserve Board, most consumers are familiar with home equity loans. About six percent of those surveyed had actually established a home equity line of credit. An additional one percent had applied for such an account but had not yet received approval, while another five percent indicated that they were considering opening a home equity credit line account in the near future. Families holding equity lines of credit tended to have higher family incomes and were somewhat younger and better educated than homeowners in general.

Of the respondents who had established lines of credit, 41 percent said they used the loans for consolidation of other debt, while 36 percent cited home improvement. These findings resembled the results of a Business Week/ Harris poll of 834 households conducted in January. Nine percent of the respondents in that poll also indicated that they purchased second homes with their credit lines.

Changes In Store?

Under present law, interest paid on home equity loans is deductible, to the amount of the original cost of the property (plus improvements). Individuals who compute the alternative minimum tax can deduct home equity interest only if used in connection with acquiring, constructing, or substantially rehabilitating a residence.

Congress is considering changes to these tax provisions. Among proposals now being discussed are limitations on the deductibility of home equity interest. Deductibility may be limited to home improvement, education and/or medical uses. Alternately, specific exclusions for purchases of items such as boats and mobile homes, could be legislated. Finally, a ceiling could be placed either on the amount of the deduction or the amount of principal, depending upon how much revenue needed to be raised.

The impact on the wood products industry could be significant if consumers' ability to use home equity lines of credit for *construction, home improvement or second homes* is in any way restricted. Restrictions for borrowing also could affect other industry segments, such as furniture.

MARKET FOCUS -- WINDOWS AND DOORS

Wood windows and doors are value-added specialty products which occupy a unique niche in the wood products market. Over the years manufacturers of wood windows and doors have had to meet challenges of competing materials and changing technologies. But they have managed to adapt to the marketplace where aluminum, steel, and plastics have made significant inroads.

Fortunately, the market for all types of windows and doors has been favorable recently, stimulated in large part by R&R projects. According to a report prepared for the National Wood Window and Door Association by McGraw Hill/LSI, the number of windows and doors installed in 1986 is broken down as follows:

37.8 million windows
34.0 million interior doors
7.0 million exterior doors
5.0 million patio doors

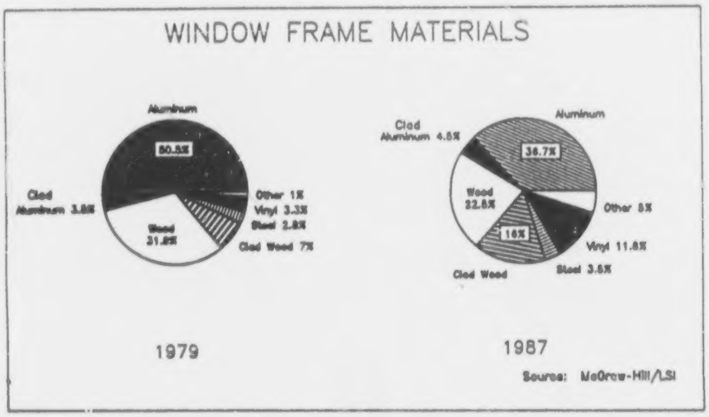
Housing Starts Affect Windows and Doors

The multi-family sector of the housing market has led the nation's overall decline in housing starts this year. This has caused demand for materials needed to construct single-family units to remain at a high level. The housing start mix is significant for windows and doors, since single family units have more windows and doors than multifamily units. The growing size of new houses also contributes to the high demand for these materials. On the other hand, replacement windows and doors -- and doors and windows for new additions -- will be stronger this year, perhaps even higher than last year's record pace.

More Windows, More Wood

In the case of windows, wood clad fabrication (combining wood with other materials) has enabled the wood industry to recapture market share previously lost to aluminum during the 1970s. About half of all windows are ordered for new housing construction, and about half for the R&R market. The trend toward larger houses has translated into increased demand for more windows. For example, the average single family *detached* home was constructed with 14.2 windows in 1986. This was up from an average of 12 windows during the late 70s, early 80s. The number of windows used in single family *attached* homes also rose last year to an average of 11 windows per unit.

Although aluminum-framed windows have dominated the market mix since the mid-1970s, the use of wood clad windows has apparently increased, allowing wood-based windows to recapture market share. This type of window is essentially wood, but aluminum or vinyl covering is formed over wood frames, providing the thermal and easy care advantages of both materials. Figure 2 depicts the changing market share for the materials used in window construction between 1979 and 1987.



Source: McGraw-Hill/LSI

Figure 2: Wood windows have recaptured market share due in large part to wood clad designs.

Doors

Approximately 33 million interior doors were installed during 1986; virtually all interior residential doors used in the United States are constructed with wood materials. Interior doors are generally built from hardboard panels and hardboard molded materials. According to the LSI study, the average single family *detached* home constructed in the United States last year had 14 interior doors and 4 exterior doors. *Attached* single family homes used slightly fewer doors -- 12 interior and 3 exterior. The exterior wood door market has declined since 1979, as the popularity of steel doors has increased. Nearly 65 percent of the 7 million exterior doors installed last year were steel, up from 43 percent in 1979.

The total number of patio doors installed last year is estimated at 5.1 million. These were generally of two types: sliding glass and hinged, the latter being predominantly wood. New single family housing units had an average of 1.2 patio doors in 1986. In *detached* homes, three-quarters of the patio doors were sliding glass variety, and the balance were a hinged type. The percentage of sliding glass doors in *attached* homes was higher, at 83 percent.

Mobile Homes

Mobile homes also use significant quantities of windows and doors. In 1986, a total of 2.7 million windows, 2.2 million interior doors, and 0.4 million exterior doors were purchased for mobile homes. Mobile homes shipped in 1986 used, on average, 10.7 windows per unit. About 15 percent of mobile homes also have patio doors. Aluminum is the dominant material used in mobile home windows and doors.

CONSERVATION RESERVE SIGNS MORE TREE ACRES

The U.S. Department of Agriculture accepted 261,838 additional acres of trees to be planted into the Conservation Reserve Program (CRP). The acres were accepted from bids submitted under the fifth sign-up in July (see the June issue of the Economics Monthly), bringing the total tree acres under the program to over 1.2 million. The next sign-up is scheduled for February, 1988.

INTERNATIONAL WOOD PRODUCTS TRADE SHEETS AVAILABLE

Four volumes of U.S. wood products trade data organized by country (1982 - 1986) are now available from NFPA. Volume I features summary statistics on total U.S. imports and exports of wood products by product grouping. Three additional volumes with individual country data are organized by world market area as follows:

Volume II:
North, Central and South America

Volume III:
Europe, Near East Asia, and Africa

Volume IV:
Asia and Oceania

Volume I is available to NFPA members for $2.50, and $7.00 to non-members. Other volumes are $6.00 each (members) or $15.00 each (non-members). A package price for all four volumes is also available. For purchasing information, contact Renee Browne at 202/463-2714.

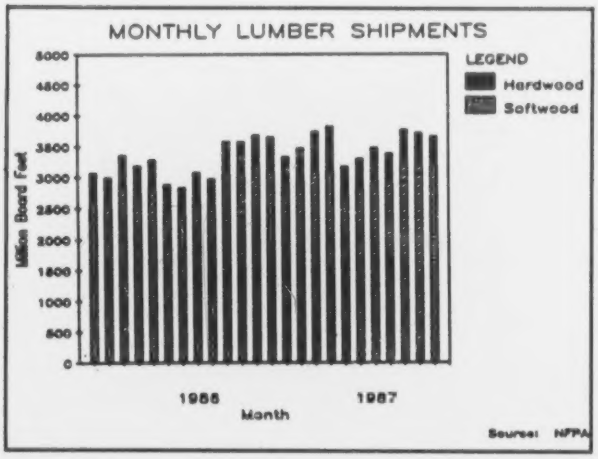
ECONOMICS MONTHLY

MONTHLY STATISTICAL SUPPLEMENT

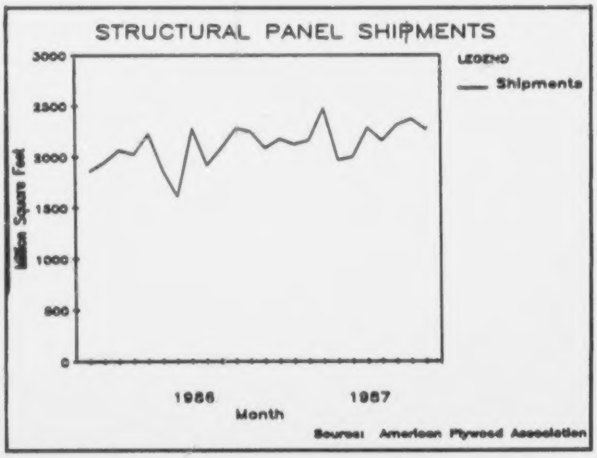
Issued: August, 1987

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	JUNE, 1987			JUNE 30, 1987	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER	(Million Board Feet)				
Southern Pine Region	1,071	1092	1156	1005	1,949
Douglas Fir Region	964	1,025	976	704	921
Western Pine Region	1,051	1,049	1,074	608	1,333
California Redwood Region	191	209	199	102	419
Other Softwoods	167	172	174	283	305
TOTAL SOFTWOODS	3,444	3,547	3,579	2,702	4,927
% Change - May 1987	7.8%	7.1%	3.3%	1.2%	-2.0%
% Change - June 1986	18.1%	14.6%	15.8%	37.4%	8.0%
HARDWOOD LUMBER					
Southern Hardwood Region	222	236	231	310	679
Appalachian Hardwood Reg.	48	52	51	*	*
Other Hardwoods	191	204	199	257	627
TOTAL HARDWOODS	461	492	481	567	1,306
% Change - May 1987	3.6%	0.6%	-7.3%	-1.7%	-2.3%
% Change - June 1986	-19.1%	-11.4%	-11.7%	20.6%	-26.2%
TOTAL LUMBER	3,905	4,039	4,060	3,274	6,233
% Change - May 1987	7.3%	6.3%	1.9%	0.6%	-2.1%
% Change - June 1986	12.0%	10.7%	11.6%	34.3%	-1.6%
* Included in Other Hardwoods					
FLOORING	(Thousand Feet)				
Oak Flooring (Bd. Ft.)	NA	15,916	NA	13,485	5,905
Maple Flooring (Sq. Ft.)	895	1,276	1,345	3,884	2,002
STRUCTURAL PANELS (Sq. Ft.)	2,392,931	2,351,490	2,649,583	757,947	428,000
% Change - May 1987	6.9%	3.8%	28.4%	38.3%	10.9%
% Change - June 1986	18.0%	12.9%	19.3%	-8.5%	4.6%


MONTHLY LUMBER SHIPMENTS

Source: NFPA


STRUCTURAL PANEL SHIPMENTS

Source: American Plywood Association

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YEAR-TO-DATE INDICATORS

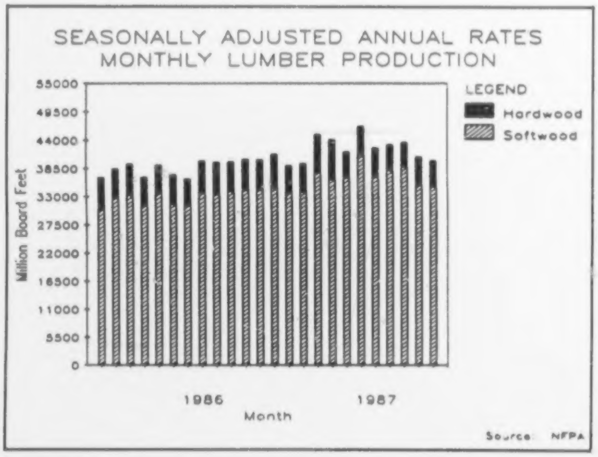
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	6 mo.'87	6 mo.'86	6 mo.'87	6 mo.'86	6 mo.'87	6 mo.'86
	(Million Board Feet)					
TOTAL LUMBER	21,930	7.6%	22,402	9.1%	22,952	11.4%
TOTAL SOFTWOOD	19,308	11.4%	19,424	10.8%	19,908	13.6%
TOTAL HARDWOOD	2,622	-13.9%	2,978	-0.5%	3,044	-1.0%
	(Million Square Feet)					
STRUCTURAL PANELS	13,815	6.7%	13,737	6.6%	13,936	9.0%

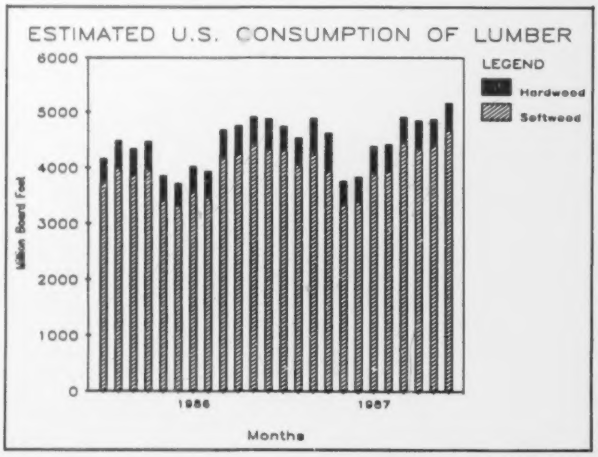
SEASONALLY ADJUSTED ANNUAL RATES

	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	June '87	May '87	June '86	June '87	May '87	June '86
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	12,447	9.0%	6.8%	12,297	10.7%	5.7%
Douglas Fir	11,665	13.1%	35.0%	11,846	14.3%	29.9%
Western Pine	12,809	19.9%	18.1%	12,069	8.8%	11.0%
Calif. Redwood	2,218	10.4%	13.7%	2,198	4.4%	18.1%
Other Softwoods	1,972	12.1%	17.6%	1,988	11.5%	14.7%
TOTAL SOFTWOODS	41,111	13.6%	18.2%	40,399	10.8%	14.7%
TOTAL HARDWOODS	5,304	0.7%	-19.1%	5,707	1.3%	-11.4%
TOTAL LUMBER	46,415	12.0%	12.3%	46,106	9.6%	10.7%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	June '87	May '87	June '86	6 mo.'87	6 mo.'86
	(Million Board Feet)				
Total Consumption	5,163	6.0%	7.0%	28,590	6.5%
Softwood Consumption	4,676	6.2%	9.2%	25,718	7.6%
Hardwood Consumption	487	4.0%	-9.9%	2,873	-2.5%

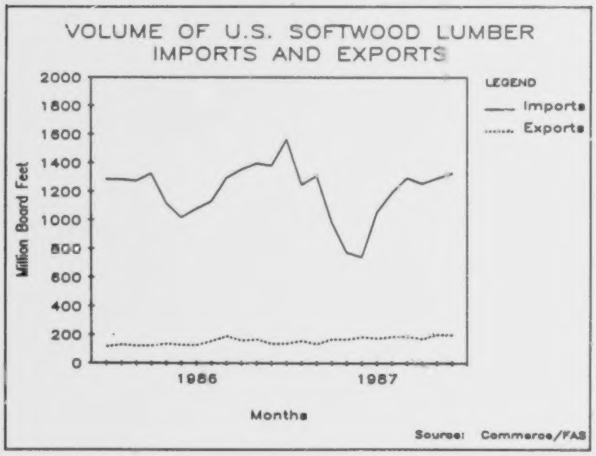




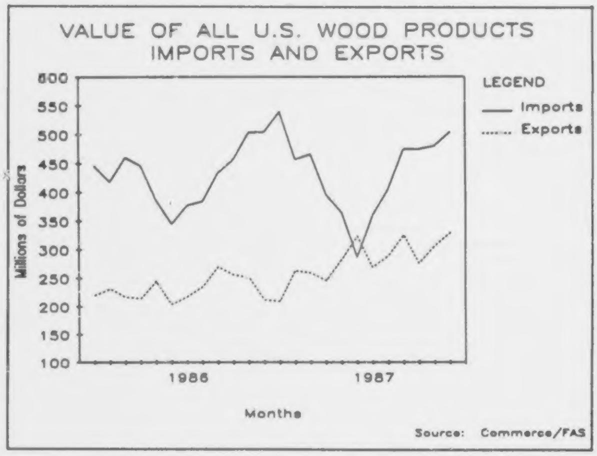
INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		June '87	6 mo. 1987	% Change From May '87	% Change From 6 mo. 1986	June '87	6 mo. 1987	% Change From May '87	% Change From 6 mo. 1986
EXPORTS									
SOFTWOOD LUMBER	MMBF	196.4	1,115.2	-2.2%	20.1%	66,630	398,780	-8.8%	28.8%
To Canada	MMBF	43.4	218.3	4.6%	22.1%	10,567	53,810	7.1%	21.6%
SOFTWOOD LOGS	MMBF	395.3	1,873.5	37.3%	11.9%	144,029	644,526	41.1%	19.4%
SOFTWOOD PLYWOOD	MMSF 3/8"	39.2	404.4	34.8%	35.6%	8,753	89,655	31.4%	39.5%
HARDWOOD LUMBER	MMBF	60.4	320.5	3.1%	36.5%	38,072	205,070	2.1%	26.8%
HARDWOOD LOGS	MMBF	7.3	85.7	-22.6%	31.2%	6,797	69,654	-40.7%	15.3%
HARDWOOD VENEER	MMSFsurf	131.5	701.9	-6.7%	51.2%	9,144	55,302	-13.1%	46.8%
PARTICLEBOARD	MMSF 3/4"	21.1	111.7	20.4%	38.0%	5,078	24,738	29.0%	55.2%
ALL OTHER		NA	NA	NA	NA	49,421	297,594	-17.5%	21.9%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	329,122	1,793,181	7.5%	24.6%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,325.8	7,408.8	2.6%	-2.9%	275,012	1,495,449	3.7%	-5.4%
From Canada	MMBF	1,315.7	7,342.6	2.6%	-2.9%	271,680	1,477,631	3.5%	-5.6%
SOFTWOOD LOGS	MMBF	3.7	12.3	65.3%	-38.3%	860	4,295	-22.1%	90.1%
SOFTWOOD PLYWOOD	MMSF 3/8"	13.3	63.9	9.0%	-7.8%	3,818	16,886	45.1%	-6.3%
HARDWOOD LUMBER	MMBF	51.7	212.2	41.9%	15.0%	23,958	111,691	20.5%	29.0%
HARDWOOD LOGS	MMBF	1.2	8.3	-18.4%	-24.1%	383	1,382	95.4%	-27.1%
HARDWOOD VENEER	MMSFsurf	167.4	873.4	3.0%	7.4%	12,341	66,955	-5.4%	16.7%
HARDWOOD PLYWOOD	MMSFsurf	352.1	1,985.0	16.1%	-1.3%	51,308	280,383	7.9%	13.3%
HARDBOARD	MMSF 1/8"	80.1	416.3	-6.1%	-11.6%	5,794	30,468	-0.5%	3.3%
PARTICLEBOARD	MSF 3/4"	124.5	681.1	1.7%	27.3%	12,116	66,978	0.4%	-5.9%
ALL OTHER		NA	NA	NA	NA	117,669	622,833	5.0%	10.5%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	503,824	2,700,085	5.0%	1.5%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.


VOLUME OF U.S. SOFTWOOD LUMBER IMPORTS AND EXPORTS

Source: Commerce/FAS


VALUE OF ALL U.S. WOOD PRODUCTS IMPORTS AND EXPORTS

Source: Commerce/FAS

VALUE OF NEW CONSTRUCTION

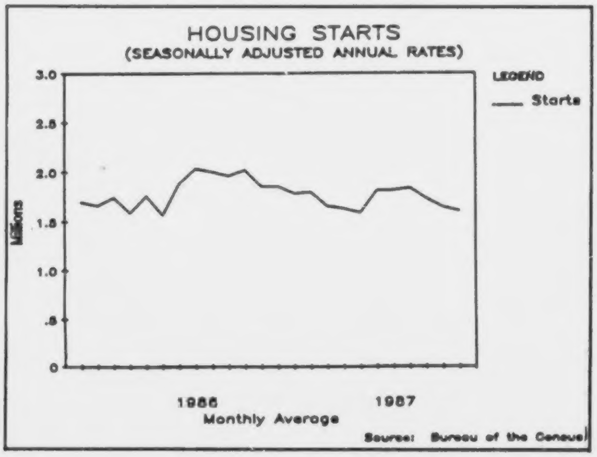
	CURRENT			YEAR-TO-DATE	
	Latest Month Available	---% Change From---		Latest Period Available	% Change From
	June '87	May '87	June '86	6 mo. '87	6 mo. '86
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	36.5	8.6%	6.1%	180.8	4.7%
Private	29.6	8.0%	7.6%	148.0	4.4%
Residential	19.0	13.1%	15.2%	89.6	14.3%
Nonresidential & Other	10.6	0.0%	-3.6%	58.5	-7.7%
Public	6.9	11.3%	0.0%	32.7	6.1%

HOUSING STARTS

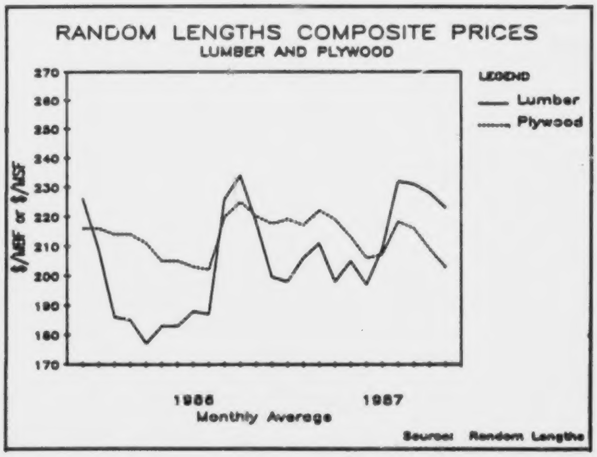
	June '87	May '87	June '86	6 mo. '87	6 mo. '86
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	165.0	4.2%	-10.1%	832.0	-10.8%
New Private Starts	164.7	4.2%	-10.3%	831.1	-10.8%
Seas. Adj. Annual Rate	1,597.0	-0.6%	-13.3%		
One-Family Housing Starts	115.3	1.1%	-7.7%	589.1	-2.4%
Proportion of Total	0.7			4.2	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	21,500.0	6.4%	0.5%	82,400	-34.0%

INDUSTRY EMPLOYMENT

		----% Change From---	
	June '87	May '87	June '86
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	101,788	0.1%	2.5%
All Manufacturing Industries	19,029	0.0%	0.4%
Lumber and Wood Products	736	-0.4%	4.1%
Furniture and Fixtures	510	0.2%	2.6%



Source: Bureau of the Census



Source: Random Lengths

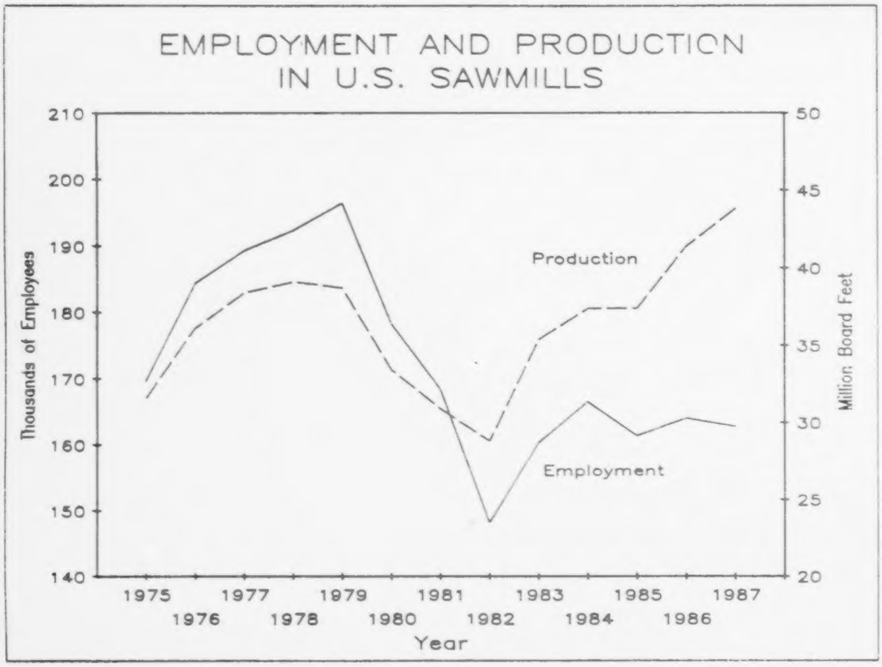
A7870-3

ECONOMICS MONTHLY

QUARTERLY STATISTICAL SUPPLEMENT

Issued: September 1, 1987

GRAPHICAL ABSTRACT



As is illustrated by the graph, productivity in the U.S. sawmilling industry is way up.

ESTIMATED REGIONAL SOURCES OF DOMESTIC LUMBER CONSUMPTION (Net Imports Allocated)

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
1977	8,774	14,081	11,626	2,026	4,302	40,809	3,158	3,732	6,890	47,699
1978	9,096	15,133	11,559	1,849	5,003	42,640	3,242	3,755	6,997	49,637
1979	9,060	14,248	10,553	1,729	5,018	40,608	3,342	3,597	6,939	47,547
1980	7,757	11,461	8,509	1,563	4,542	33,832	3,028	3,244	6,272	40,104
1981	8,177	10,828	7,760	1,463	3,836	32,064	3,202	2,653	5,855	37,919
1982	8,232	10,381	7,316	1,327	3,917	31,173	2,031	3,066	5,098	36,270
1983	10,233	14,108	8,848	1,558	4,995	39,742	2,121	3,276	5,397	45,138
1984	10,402	15,672	9,606	1,643	5,534	42,857	2,459	3,377	5,836	48,693
1985*										
1ST QUARTER	2,367	3,747	2,017	378	1,310	9,818	631	872	1,503	11,321
2ND QUARTER	2,920	4,462	2,601	488	1,650	12,121	672	939	1,612	13,733
3RD QUARTER	2,700	4,240	2,684	429	1,535	11,590	618	779	1,397	12,986
4TH QUARTER	2,493	3,944	2,446	384	1,448	10,714	613	710	1,323	12,037
TOTAL YEAR	10,480	16,393	9,748	1,679	5,942	44,243	2,534	3,300	5,834	50,077
1986*										
1ST QUARTER	2,768	4,079	2,362	374	1,478	11,061	690	730	1,421	12,482
2ND QUARTER	2,979	4,733	2,837	558	1,737	12,844	657	869	1,526	14,370
3RD QUARTER	2,971	4,424	2,916	491	1,679	12,481	627	898	1,525	14,006
4TH QUARTER	2,596	3,481	2,705	469	1,174	10,425	613	1,928	2,541	12,966
TOTAL YEAR	11,313	16,718	10,820	1,892	6,068	46,811	2,588	4,425	7,013	53,825
1987*										
1ST QUARTER	2,942	4,495	2,776	496	1,590	12,299	608	806	1,414	13,713
2ND QUARTER	3,215	4,992	2,941	580	1,691	13,419	657	802	1,459	14,878
3RD QUARTER	0	0	0	0	0	0	0	0	0	0
4TH QUARTER	0	0	0	0	0	0	0	0	0	0
TOTAL YEAR	6,157	9,487	5,717	1,076	3,281	25,718	1,265	1,608	2,873	.3,590

* SUBJECT TO REVISION

** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHERS.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

ESTIMATED REGIONAL LUMBER PRODUCTION, SHIPMENTS AND NEW ORDERS

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	APPALACHIAN HARDWOOD	OTHER HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
PRODUCTION											
1977	8,879	8,796	10,309	2,000	1,753	31,737	3,073	1,211	2,417	6,701	38,438
1978	9,231	8,845	10,033	1,902	2,046	32,057	3,258	1,233	2,540	7,031	39,088
1979	9,283	8,427	9,780	1,818	2,124	31,432	3,462	1,263	2,589	7,314	38,746
1980	8,217	6,815	7,613	1,589	2,012	26,246	3,341	1,221	2,553	7,115	33,361
1981	8,415	6,270	7,147	1,452	1,392	24,676	3,374	1,237	1,641	6,252	30,928
1982	8,754	5,743	6,681	1,300	1,309	23,787	2,061	602	2,398	5,062	28,849
1983	10,181	7,934	8,488	1,580	1,543	29,726	2,245	785	2,614	5,644	35,370
1984	10,674	8,329	8,992	1,664	1,515	31,174	2,642	985	2,635	6,262	37,436
1985*											
1ST QUARTER	2,471	1,970	2,009	448	353	7,251	635	248	625	1,508	8,759
2ND QUARTER	2,906	2,016	2,405	451	397	8,175	700	279	692	1,671	9,846
3RD QUARTER	2,771	2,039	2,539	445	398	8,192	657	218	620	1,495	9,687
4TH QUARTER	2,582	2,037	2,323	386	375	7,703	635	159	563	1,357	9,060
TOTAL YEAR	10,730	8,062	9,276	1,730	1,523	31,321	2,628	904	2,500	6,031	37,352
1986*											
1ST QUARTER	2,801	2,294	2,328	463	403	8,289	715	141	606	1,462	9,751
2ND QUARTER	3,041	2,393	2,638	531	439	9,042	691	236	656	1,583	10,625
3RD QUARTER	3,010	2,292	2,850	520	443	9,115	658	258	648	1,564	10,679
4TH QUARTER	2,826	2,433	2,666	507	430	8,862	600	265	612	1,477	10,339
TOTAL YEAR	11,678	9,412	10,482	2,021	1,715	35,308	2,664	900	2,522	6,086	41,394
1987*											
1ST QUARTER	2,982	2,695	2,757	543	458	9,435	557	176	518	1,251	10,686
2ND QUARTER	3,227	2,739	2,864	564	479	9,873	636	167	568	1,371	11,244
3RD QUARTER											
4TH QUARTER											
TOTAL YEAR	6,209	5,434	5,621	1,107	937	19,308	1,193	343	1,086	2,622	21,930
SHIPMENTS											
1977	8,932	8,781	10,295	2,075	1,759	31,842	3,114	1,225	2,450	6,789	38,631
1978	9,226	8,906	10,067	1,884	2,051	32,134	3,248	1,230	2,530	7,008	39,142
1979	9,255	8,412	9,696	1,760	2,111	31,234	3,326	1,216	2,487	7,029	38,263
1980	8,018	6,821	7,807	1,590	2,012	26,248	3,119	1,142	2,387	6,648	32,896
1981	8,388	6,270	7,183	1,501	1,395	24,737	3,313	1,182	1,602	6,097	30,834
1982	8,464	5,793	6,775	1,349	1,303	23,684	2,127	634	2,488	5,249	28,935
1983	10,214	7,802	8,264	1,582	1,528	29,390	2,312	829	2,708	5,849	35,239
1984	10,574	8,409	9,014	1,673	1,516	31,186	2,555	940	2,540	6,035	37,221
1985*											
1ST QUARTER	2,404	1,914	1,914	381	338	6,951	633	245	622	1,500	8,451
2ND QUARTER	2,964	2,131	2,441	492	410	8,438	677	266	666	1,609	10,047
3RD QUARTER	2,740	2,003	2,546	433	394	8,116	628	201	588	1,417	9,533
4TH QUARTER	2,536	2,029	2,320	389	371	7,645	631	157	559	1,347	8,992
TOTAL YEAR	10,644	8,077	9,221	1,695	1,513	31,150	2,569	869	2,435	5,873	37,023
1986*											
1ST QUARTER	2,810	2,298	2,287	392	398	8,186	704	138	596	1,438	9,624
2ND QUARTER	3,029	2,537	2,744	584	454	9,348	681	230	645	1,556	10,904
3RD QUARTER	3,011	2,189	2,793	516	435	8,944	666	262	657	1,585	10,529
4TH QUARTER	2,712	2,406	2,658	492	423	8,691	642	287	657	1,586	10,277
TOTAL YEAR	11,562	9,430	10,482	1,985	1,710	35,169	2,693	917	2,555	6,165	41,334
1987*											
1ST QUARTER	3,001	2,638	2,719	499	452	9,309	648	218	612	1,478	10,787
2ND QUARTER	3,269	2,864	2,907	584	491	10,115	690	188	622	1,500	11,615
3RD QUARTER											
4TH QUARTER											
TOTAL YEAR	6,270	5,502	5,626	1,083	943	19,424	1,338	406	1,234	2,978	22,402
NEW ORDERS											
1977	8,970	8,712	10,331	2,119	1,762	31,894	3,163	1,244	2,488	6,895	38,789
1978	9,273	8,894	9,946	1,847	2,043	32,003	3,288	1,239	2,560	7,087	39,090
1979	9,273	8,388	9,630	1,664	2,098	31,053	3,250	1,184	2,429	6,863	37,916
1980	7,964	6,791	7,730	1,563	1,996	26,044	3,060	1,118	2,338	6,516	32,560
1981	8,433	6,200	7,076	1,501	1,387	24,597	3,341	1,198	1,617	6,156	30,753
1982	8,510	5,976	6,880	1,388	1,325	24,079	2,123	650	2,495	5,268	29,335
1983	10,417	7,864	8,350	1,573	1,544	29,748	2,344	834	2,741	5,919	35,667
1984	10,342	8,296	9,011	1,640	1,496	30,785	2,524	944	2,520	5,988	36,773
1985*											
1ST QUARTER	2,358	1,935	1,920	391	338	6,942	659	246	641	1,546	8,488
2ND QUARTER	2,974	2,105	2,528	502	415	8,524	655	256	644	1,555	10,079
3RD QUARTER	2,864	2,012	2,506	394	397	8,173	638	207	598	1,443	9,616
4TH QUARTER	2,567	1,991	2,293	395	370	7,617	624	156	553	1,333	8,950
TOTAL YEAR	10,763	8,044	9,247	1,682	1,520	31,256	2,574	867	2,436	5,877	37,133
1986*											
1ST QUARTER	2,897	2,420	2,408	449	418	8,592	757	146	639	1,542	10,134
2ND QUARTER	2,965	2,331	2,647	551	433	8,927	674	224	636	1,534	10,461
3RD QUARTER	2,972	2,340	2,853	482	441	9,088	664	275	666	1,605	10,693
4TH QUARTER	2,759	2,479	2,592	538	428	8,796	647	290	663	1,600	10,396
TOTAL YEAR	11,593	9,570	10,500	2,020	1,720	35,403	2,742	935	2,604	6,281	41,684
1987*											
1ST QUARTER	3,118	2,753	2,862	476	471	9,680	651	217	615	1,483	11,163
2ND QUARTER	3,447	2,785	2,920	579	497	10,228	720	194	647	1,561	11,789
3RD QUARTER											
4TH QUARTER											
TOTAL YEAR	6,565	5,538	5,782	1,055	968	19,908	1,371	411	1,262	3,044	22,952

* SUBJECT TO REVISION.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING

IMPORTS AND EXPORTS OF LUMBER

IMPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS											
	DOUGLAS FIR	OTHER FIR	HEMLOCK	SPRUCE	PINE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES (SAWED)	TOTAL LUMBER
1977	990.7	299.4	1,219.2	5,361.6	1,795.5	537.7	22.2	154.0	10,380.3	341.1	7.4	10,728.8
1978	976.2	508.9	1,219.8	6,312.9	1,916.9	657.5	41.8	190.6	11,824.6	361.4	12.3	12,198.3
1979	827.3	588.3	912.3	6,740.4	1,182.5	637.8	35.4	193.7	11,117.7	276.2	29.3	11,523.2
1980	559.0	440.8	627.8	6,167.9	1,023.9	543.4	20.7	156.6	9,540.1	293.2	31.3	9,864.6
1981	483.3	534.7	467.0	6,010.7	941.7	574.4	17.0	175.9	9,204.7	291.1	24.9	9,520.7
1982	504.3	460.7	293.9	6,341.2	801.6	539.0	28.8	149.4	9,118.9	211.0	26.2	9,356.0
1983	600.3	708.6	416.7	8,354.4	919.8	664.1	73.5	239.9	11,977.4	260.5	12.5	12,250.4
1984	603.0	765.1	514.9	9,471.4	901.6	704.1	35.0	275.0	13,270.2	327.7	24.2	13,622.2
1985												
1ST QUARTER	154.6	189.1	171.1	2,257.0	165.8	210.2	26.9	66.9	3,241.6	105.9	3.2	3,350.7
2ND QUARTER	205.9	200.0	185.6	2,907.4	237.8	233.3	10.2	89.2	4,069.3	96.1	11.8	4,177.2
3RD QUARTER	247.4	236.0	151.0	2,685.4	215.0	203.7	14.0	89.3	3,841.8	85.3	7.7	3,934.8
4TH QUARTER	157.1	166.8	136.2	2,543.6	198.6	160.7	16.0	76.1	3,455.1	76.2	5.1	3,536.4
TOTAL YEAR	765.1	791.8	643.9	10,393.4	817.2	807.9	67.1	321.5	14,607.8	363.6	27.7	14,999.1
1986												
1ST QUARTER	157.2	166.5	128.4	2571.0	152.2	208.1	27.3	87.2	3498.0	95.6	3.8	3597.4
2ND QUARTER	179.1	238.0	154.9	2957.5	180.3	269.8	30.4	119.1	4129.1	88.9	10.0	4228.0
3RD QUARTER	225.7	254.6	140.1	2967.9	222.3	207.3	18.7	82.2	4118.9	75.8	5.4	4200.1
4TH QUARTER	124.1	108.9	65.0	1892.6	113.7	115.3	26.0	46.4	2492.1	86.6	4.0	2582.7
TOTAL YEAR	686.2	768.0	488.4	10389.1	668.7	800.6	102.4	334.9	14238.2	346.9	23.1	14608.2
1987												
1ST QUARTER	117.4	171.1	103.6	2701.1	131.4	184.7	14.5	114.0	3537.8	87.6	3.9	3629.3
2ND QUARTER	197.8	199.7	162.4	2820.9	130.6	226.3	22.4	111.1	3871.0	124.5	9.9	4005.4
3RD QUARTER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4TH QUARTER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL YEAR	315.2	370.8	266.0	5521.9	262.1	411.0	36.9	225.1	7408.8	212.2	13.8	7634.8

EXPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS												
	DOUGLAS FIR	SOUTHERN PINE	PONDEROSA/ WHITE PINE	REDWOOD	HEMLOCK	SPRUCE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES \4 (SAWED)	TOTAL \5 LUMBER
1977	488.3	157.8	195.0	48.1	264.2	150.7	61.3	47.0	----	1,412.4	226.1	19.2	1,657.7
1978	456.9	130.5	136.9	34.3	272.5	135.4	59.2	120.1	23.1	1,368.9	320.1	25.8	1,714.8
1979	505.4	195.1	147.7	30.1	463.7	151.1	56.0	179.4	16.2	1,744.7	306.6	90.5	2,141.8
1980	520.8	261.4	168.1	27.3	511.2	136.4	62.0	248.6	20.2	1,956.0	378.6	128.3	2,462.9
1981	509.0	211.2	223.8	37.7	390.2	141.4	66.9	280.6	16.8	1,877.6	405.7	88.8	2,372.1
1982	457.2	231.8	140.8	22.5	391.7	124.9	40.5	206.0	14.8	1,630.2	356.2	34.4	2,020.8
1983	559.3	208.4	197.3	24.0	376.2	113.9	46.8	207.8	10.8	1,744.5	478.2	47.2	2,269.9
1984	532.1	172.4	174.1	30.1	337.4	98.1	39.2	202.7	13.1	1,599.3	466.5	84.6	2,150.4
1985													
1ST QUARTER	117.5	37.0	37.8	3.4	101.5	21.1	6.3	47.0	2.8	374.4	102.7	3.6	480.7
2ND QUARTER	130.4	44.4	42.1	3.8	83.2	17.2	7.0	55.2	2.8	385.9	97.3	7.7	490.9
3RD QUARTER	113.2	39.5	44.4	3.5	78.2	14.2	6.4	65.5	3.1	368.1	96.3	17.1	481.4
4TH QUARTER	114.4	43.5	43.4	5.0	101.5	8.4	7.8	61.0	1.9	387.0	100.8	4.5	492.3
TOTAL YEAR	475.6	164.4	167.7	15.7	364.4	60.8	27.4	228.7	10.6	1,515.4	397.1	32.9	1,945.3
1986													
1ST QUARTER	135.9	42.2	49.7	2.9	130.1	24.6	6.8	76.2	2.4	470.9	112.0	4.5	587.4
2ND QUARTER	130.1	50.3	54.9	2.1	121.0	23.2	7.8	66.0	2.4	457.9	122.8	6.0	586.7
3RD QUARTER	106.3	40.1	60.8	2.8	115.4	19.0	12.4	66.7	4.1	427.7	135.0	6.1	568.8
4TH QUARTER	140.1	46.1	43.9	3.1	165.5	27.2	11.2	80.4	3.1	520.5	128.5	6.7	655.8
TOTAL YEAR	512.4	178.6	209.4	10.9	532.0	94.0	38.2	289.4	12.0	1,877.0	498.3	23.3	2,398.6
1987													
1ST QUARTER	167.1	58.6	54.7	3.4	142.1	19.0	12.2	88.7	2.2	548.2	148.6	6.9	703.6
2ND QUARTER	168.9	53.9	77.4	4.0	139.5	27.9	14.1	77.8	3.4	567.1	172.0	3.6	742.7
3RD QUARTER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4TH QUARTER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL YEAR	336.0	112.6	132.2	7.4	281.6	46.9	26.5	166.5	5.6	1115.2	320.5	10.5	1446.3

1. Sawed timber, board planks and scantlings, flooring, box shook and railroad ties.
2. Includes siding and softwood lumber drilled or treated. Beginning 1978 includes siding and flooring. For exports, figures not available prior to 1978.
3. Includes hardwood flooring, siding and hardwood lumber drilled or treated.
4. Includes a small amount of hewn railroad ties. Beginning with 1978 includes mine timber.
5. Includes box shook: 1973 - 4.4 mbf; 1974 - 6.1 mbf; 1975 - 4.1 mbf; 1976 - 6.0 mbf; 1977 - 5.8 mbf. Beginning with 1978 box shook is reported in appropriate species.

SOURCE: Foreign Agricultural Service, U.S. Department of Agriculture; Forest Products Division, BIE, U.S. DOC, from data of the Foreign Trade Division,

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

ESTIMATED GROSS LUMBER MILL STOCKS AND UNFILLED ORDERS BY REGION

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
GROSS MILL STOCKS										
DECEMBER 31ST										
1977	1,192	964	1,329	359	265	4,109	412	385	797	4,906
1978	1,197	903	1,295	377	260	4,032	422	398	820	4,852
1979	1,225	918	1,379	435	273	4,230	558	547	1,105	5,335
1980	1,424	912	1,185	434	273	4,228	780	792	1,572	5,800
1981	1,451	912	1,149	385	270	4,167	841	886	1,727	5,894
1982	1,741	862	1,055	336	276	4,270	775	764	1,539	5,809
1983	1,708	994	1,279	334	291	4,606	708	626	1,334	5,940
1984	1,808	914	1,257	325	290	4,594	795	766	1,561	6,155
1985*										
1ST QUARTER	1,875	970	1,352	392	305	4,894	797	772	1,569	6,463
2ND QUARTER	1,817	855	1,316	351	292	4,631	820	811	1,631	6,262
3RD QUARTER	1,848	891	1,309	363	296	4,707	849	860	1,709	6,416
4TH QUARTER	1,894	899	1,312	360	300	4,765	853	866	1,719	6,484
1986*										
1ST QUARTER	1,885	921	1,359	426	306	4,897	864	879	1,743	6,640
2ND QUARTER	1,897	813	1,260	376	293	4,639	874	896	1,770	6,409
3RD QUARTER	1,896	937	1,323	380	301	4,837	866	883	1,749	6,586
4TH QUARTER	2,007	989	1,338	395	311	5,040	824	685	1,509	6,549
1987*										
1ST QUARTER	1,991	1,046	1,376	439	317	5,169	733	702	1,435	6,604
2ND QUARTER	1,949	921	1,333	419	305	4,927	679	627	1,306	6,233
3RD QUARTER										
4TH QUARTER										
ESTIMATED UNFILLED ORDERS										
DECEMBER 31ST										
1977	488	565	590	271	267	2,181	292	214	506	2,687
1978	535	553	469	234	259	2,050	332	253	585	2,635
1979	553	529	403	138	246	1,869	256	163	419	2,288
1980	499	499	326	111	230	1,665	197	90	287	1,952
1981	544	429	219	111	222	1,525	225	121	346	1,871
1982	590	612	324	150	244	1,920	221	144	365	2,285
1983	793	674	410	141	260	2,278	253	182	435	2,713
1984	561	561	407	108	240	1,877	222	166	388	2,449
1985*										
1ST QUARTER	515	582	413	118	240	1,868	248	186	434	2,302
2ND QUARTER	525	556	500	128	245	1,954	224	156	380	2,334
3RD QUARTER	649	565	460	89	248	2,011	234	172	406	2,417
4TH QUARTER	680	528	433	95	247	1,983	227	165	392	2,375
1986*										
1ST QUARTER	766	645	554	149	265	2,379	280	216	496	2,875
2ND QUARTER	702	452	457	118	246	1,975	273	201	474	2,449
3RD QUARTER	663	597	517	87	253	2,117	272	223	495	2,612
4TH QUARTER	710	668	452	130	258	2,218	277	238	515	2,733
1987*										
1ST QUARTER	827	783	595	107	277	2,589	280	232	512	3,100
2ND QUARTER	1,005	704	608	102	283	2,702	310	257	567	3,274
3RD QUARTER										
4TH QUARTER										
UNFILLED ORDERS IN RELATION TO GROSS MILL STOCKS (Unfilled Orders As Percentage of Mill Stocks)										
1977	41%	59%	44%	75%	101%	53%	71%	56%	63%	55%
1978	45%	61%	36%	62%	100%	51%	79%	64%	71%	54%
1979	45%	58%	29%	32%	90%	44%	46%	30%	38%	43%
1980	35%	55%	28%	26%	84%	39%	25%	11%	18%	34%
1981	37%	47%	19%	29%	82%	37%	27%	14%	20%	32%
1982	34%	71%	31%	45%	88%	45%	29%	17%	24%	39%
1983	46%	68%	32%	42%	89%	49%	36%	29%	33%	46%
1984	31%	61%	32%	33%	83%	41%	28%	22%	25%	40%
1985*										
1ST QUARTER	27%	60%	31%	30%	79%	38%	31%	24%	28%	36%
2ND QUARTER	29%	65%	38%	36%	84%	42%	27%	19%	23%	37%
3RD QUARTER	35%	63%	35%	25%	84%	43%	28%	20%	24%	38%
4TH QUARTER	36%	59%	33%	26%	82%	42%	27%	19%	23%	37%
1986*										
1ST QUARTER	41%	70%	41%	35%	87%	49%	32%	25%	28%	43%
2ND QUARTER	37%	56%	36%	31%	84%	43%	31%	22%	27%	38%
3RD QUARTER	35%	64%	39%	23%	84%	44%	31%	25%	28%	40%
4TH QUARTER	35%	68%	34%	33%	83%	44%	34%	35%	34%	42%
1987*										
1ST QUARTER	42%	75%	43%	24%	87%	50%	38%	33%	36%	47%
2ND QUARTER	52%	76%	46%	24%	93%	55%	46%	41%	43%	53%
3RD QUARTER										
4TH QUARTER										

* SUBJECT TO REVISION.
** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHER.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS BECAUSE OF ROUNDING.

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NFPA AN ECONOMICS BULLETIN OF THE FOREST PRODUCTS INDUSTRY

ECONOMICS MONTHLY

Volume III Number 9 September, 1987

MONTHLY STATISTICAL HIGHLIGHTS

Softwood lumber imports from Canada declined by 5.4 percent through July.

U.S. exports were up 24.6 percent during the first seven months of 1987.

July's production of softwood and hardwood lumber was down by 8.2 and 3.3 percent respectively.

The average home mortgage rate for newly-built single family homes declined slightly in August, to 10.7 percent.

KOREA IN TRANSITION -- MAJOR BUYER OF US WOOD PRODUCTS

Korea is a major export market for U.S. wood producers. So far this year Korea is America's third largest buyer of wood products, behind Japan and Canada, having displaced the People's Republic of China by a narrow margin. Korea's wood needs can only be met by imports; the country's domestic forest resources were leveled by the end of the Korean conflict in 1953. Prospects for increased U.S. exports are bright and should parallel the country's rapid economic growth pattern as well as its changing lifestyles and demands. The weakening competitiveness of Korea's own sawmilling industry caused by rising labor, raw material and transportation costs also suggests further increases in imports.

Internal political and economic turmoil in the Republic of Korea has focused attention on that country recently. Demonstrations and labor strikes have slowed activity in many of the country's industrial centers. A restlessness and impatience for a more liberalized political system has emerged. As a consequence of mounting political pressure from labor and middle class factions, the current leader, Chun Doo Hwan, has promised to initiate direct presidential elections.

Despite a pervasive skepticism about how far democracy will really progress, the Korean economic dynamo continues to move on. Growth in the GNP has been among the highest in the world during the past few years. Between 1981 and 1985, the average annual real growth in GNP was 6.8 percent. In 1986 the economy grew by 12 percent and, during the first half of this year, was growing at an annual rate of 15 percent.

In particular, demand for hardwood products has grown for the furniture and musical instruments industries which are among the leading growth sectors in the Korean economy. And as the economy grows, so does the demand for housing and other construction. Total U.S. exports of wood products to Korea will reach a record amount this year, exceeding $170 million, up 24 percent from 1986 (Figure 1; Table I).

But further increases in U.S. exports will not come easily. There are tariff and non-tariff barriers which must be overcome.

Tariffs Still Too High

Korea's tariffs are above the level that's reasonable given the need for wood imports. Softwood and hardwood logs are subject to a five percent duty, except southsea logs which are taxed only 1.5 percent. This exception presumably aids Korea's plywood industry which utilizes southsea species. Imports of teak and some temperate hardwoods, including walnut and ash, are taxed ten percent.

Lumber duties are even higher, even though they were reduced for

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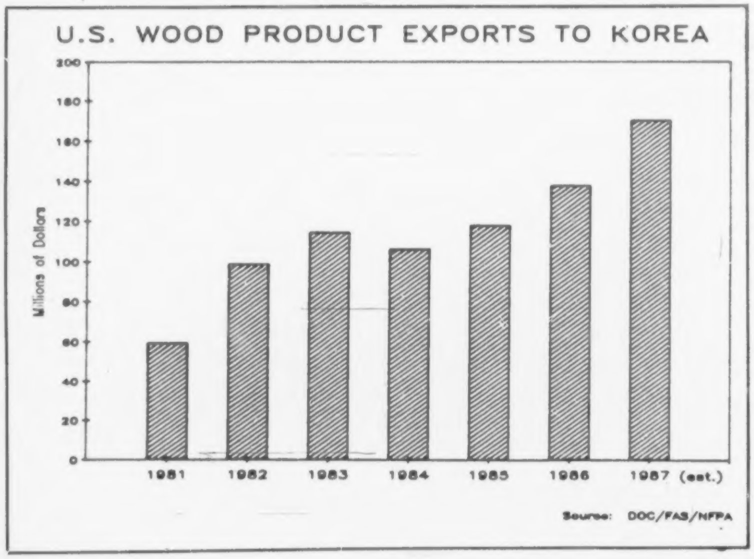
temperate species from 20 to 15 percent on July 1, 1987. Since hardwood lumber from southsea countries is assessed a duty of 10 percent, they also receive preferential treatment in the tariff schedule. The Koreans have indicated they intend to equalize tariffs between southsea and temperate species at the 15 percent level, but have not as yet done so.

Most Korean producers seem to favor tariff reductions. The government is moving very slowly. Although tariff rebates are available on exported finished goods, the procedures are apparently complicated and not often exercised.

Plywood and veneer tariffs have also essentially precluded significant imports, although plywood tariffs are scheduled to be lowered from 30 percent to 20 percent beginning in 1988. There are some indications that further reductions in *softwood* plywood and veneer tariffs may be negotiated in the near future.

Korean Housing

An average of 340,000 units per year of new housing is planned through 1991. Masonry construction dominates, and accounts for over 99 percent of all housing starts. The reason? A lack of experience with modern wood-frame construction techniques, high tariffs on lumber and plywood, and low per capita-income -- all of which should change in the years ahead. Currently, wood products are used for framing support, concrete forming, door frames and interior decoration. As personal income grows, and demands for more style and flexibility in housing follow, the popularity of wood-frame construction will grow in Korea.



Source: DOC/FAS/NFPA

Figure 1: U.S. wood product exports to Korea will total over $170 million this year.

Korea's Forest Resource is Insufficient

Although two-thirds of the country's land is forested, total timber inventory is relatively low. It wasn't until 1973 that Korea initiated a comprehensive forest policy to restore the productive potential of its forestland. Government-organized cooperatives for private landowners and extensive tree planting programs resulted in the reforestation of 1.1 million hectares (2.5 million acres). However, it will still be many years before significant commercial exploitation can begin.

Korea's 16 million acres of forestland ownership is broken down as follows:

Private:
11,621,000 acres - 72 percent
National:
3,246,000 acres - 20 percent
Other Public:
1,218,000 acres - 8 percent

Private forestland is scattered and is largely held in small ownerships: ninety-six percent of the forest landowners own fewer than 10 hectares (25 acres), making productive forest management difficult. Government-organized cooperative forest units help promote forest conservation and planning. The government provides financial and technical support to landowners participating in the cooperatives.

Korea's Timber Harvest

Korea's annual timber harvest is roughly 1.2 million m^3 (17 million ft^3). Domestic demand in 1986 was estimated at 7 million m^3 (100 million ft^3), which means that Korea imported 80 percent of its raw material needs. The country's Forestry Administration estimates that at least fifty years will be needed for Korea to meet half of its wood needs from domestic sources. Consequently, its reliance on imports will continue well into the future. As demand grows, so necessarily will imports.

Korea's Export Markets

Korea suffered a decline as a major plywood exporter during the 1970's when Indonesia and other Southeast Asian countries restricted log exports and themselves became low-cost producers. Currently, Korea exports 460 million square feet of plywood, or 20 percent of its production.

On the other hand, Korea has become a major world trader in furniture and musical instruments that require quality lumber and veneers. Exports of these products reached $180 million last year, an increase of 60 percent over 1985. Korea's exports of musical instruments alone totaled nearly $103 million in 1986 (90 percent accounted for by pianos). It is because of the strong Japanese yen that Korean products have become so competitive world-wide.

The estimated value of the Korean furniture industry is $1.2 billion, including exports. Furniture exports totaled $77.1 million in 1986, with the U.S. accounting for 59 percent of that amount and Japan for 18 percent. Korea's furniture producers have publicized their goal of matching Taiwan's $1 billion dollar furniture export trade.

U.S. Wood Product Exports to Korea
1987, Estimated

Product Line	Unit	Quantity	Million $
Softwood Logs	MMBF	453.5	128.1
Hardwood Logs	MMBF	14.7	12.7
Poles, Piles & Posts	#	350	0.1
Softwood Lumber	MMBF	14.4	7.5
Hardwood Lumber	MMBF	8.8	5.7
Hardwood Flooring	MBF	280	0.1
Hardwood Molding	MLF	---	0.1
Treated Lumber	MBF	---	---
Softwood Veneer	MSF	835	0.1
Hardwood Veneer	MMSF	36.1	4.3
Softwood Plywood	MMSF	1.1	0.3
Hardwood Plywood	MSF	238	0.1
Hardboard	MMSF	2.1	0.2
Particleboard	MMSF	6.3	0.9
Other Panel Products	--	--	4.9
Misc. Wood Products	--	--	6.3
Total			171.4

SOURCE: FAS/DOC/NFPA

Table I: Currently, softwood and hardwood logs account for over 80 percent of U.S exports to Korea.

Korea also exports lumber manufactured from imported logs, mainly to Japan and the Middle East. Lumber exports during the first four months of 1987 nearly doubled from the previous year.

U.S. Competitiveness in Korea

Korea imports more hardwood than softwood logs. Sixty-six percent of Korea's softwood log imports comes from the United States. Hemlock, Douglas fir and spruce are the three main U.S. species. Chile is Korea's second largest supplier, and New Zealand is a distant third. Korea's main hardwood log import sources are Malaysia and Papua New Guinea. The U.S. currently supplys only a small percentage of Korea's total hardwood log imports.

The scarcity of logs from Malaysia and Papua New Guinea is resulting in higher Korean import prices. By the same token, a lower U.S. dollar has made U.S. prices more competitive. U.S. hardwood log shipments to Korea more than doubled during the first seven months of 1987.

Because Korea mostly imports logs for domestic processing, and because of high tariffs on finished wood products, lumber imports are relatively small at present. But the U.S. is Korea's major supplier of temperate hardwood lumber (largely oak and walnut) and U.S. shipments of hardwood lumber to Korea are growing. During the first seven months of 1987 shipments were up 70 percent over last year. Oak and walnut are the major species imported from the United States and are used mainly for furniture. Koreans are less familiar with species such as maple, beech, birch, alder, ash, basswood and cottonwood.

U.S. Industry Efforts

NFPA, in conjunction with USDA's Foreign Agricultural Service, has several Korean projects underway. First, the United States is working to lower tariffs, probably the single most important impediment to increased trade. Lowering or eliminating tariffs would strengthen the Korean economy by providing its domestic construction, furniture and musical instrument industries with materials and products at lower cost. It would also serve to deflect protectionist sentiment in the United States. Second, the United States hopes to conduct intensive negotiations on wood products trade. Third, the Koreans have proposed -- and the U.S. has made available -- $10 million dollars of credit assistance for purchase of U.S. wood products.

In addition, trade missions are regularly visiting Korea promoting U.S. wood products. Representatives of the major hardwood associations will conduct seminars on U.S. species next month. Finally, U.S. industry has begun a long-term program to encourage the use of wood in construction in Korea. A study comparing the economic and qualitative benefits of wood housing with masonry housing in Korea is planned. Also this fall, a team of Korean housing authorities will visit U.S. wood producers.

The Korean-U.S. relationship is a close one. However, the U.S. $7.3 billion trade imbalance (1986) with Korea needs addressing. Expanding the Korean market for U.S. wood products is possible, but it requires measures by both countries. Korea must relent on tariff issues and institute domestic policies to encourage greater consumption. The U.S. must provide technical and other assistance to expand the wood market in that country. That Korea has entered a period of political uncertainty has complicated matters. But the Republic of Korea will be on the world's center stage next year as the host of the 1988 summer Olympics. That may present certain political or economic opportunities.

With a concerted industry/government effort, expansion of wood products trade can occur. The future is bright: Korea could represent a $500 - $600 million market for U.S. wood products in a few short years.

NOTE: Included with this issue of the Economics Monthly is a revised quarterly statistical report.

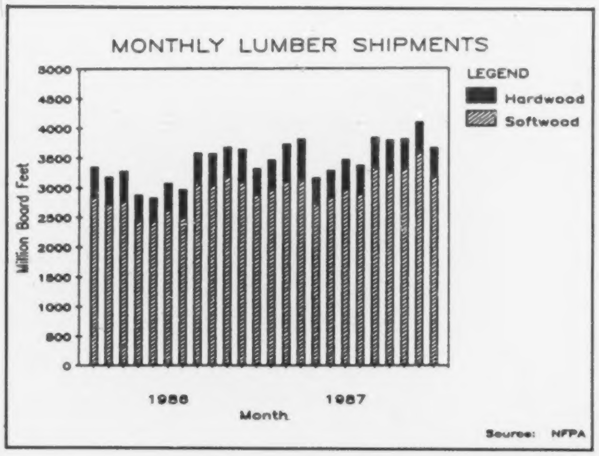
ECONOMICS MONTHLY

MONTHLY STATISTICAL SUPPLEMENT

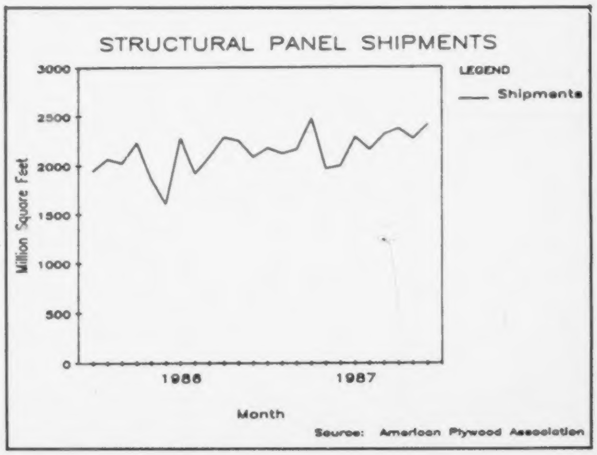
Issued: September, 1987

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	JULY, 1987			JULY 31, 1987	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER	(Million Board Feet)				
Southern Pine Region	1,086	1074	857	792	1,960
Douglas Fir Region	824	813	804	695	932
Western Pine Region	928	947	891	552	1,314
California Redwood Region	199	202	205	105	416
Other Softwoods	155	155	141	270	306
TOTAL SOFTWOODS	3,192	3,191	2,898	2,414	4,928
% Change - June 1987	-8.2%	-10.9%	-19.9%	-10.8%	0.0%
% Change - July 1986	12.5%	10.8%	-2.8%	16.7%	9.1%
HARDWOOD LUMBER					
Southern Hardwood Region	219	235	221	296	663
Appalachian Hardwood Reg.	56	46	58	*	*
Other Hardwoods	195	199	198	256	646
TOTAL HARDWOODS	470	480	477	552	1,309
% Change - June 1987	-3.3%	-7.7%	-6.3%	-2.6%	-0.8%
% Change - July 1986	4.2%	8.4%	9.4%	19.2%	-26.4%
TOTAL LUMBER	3,662	3,671	3,375	2,984	6,237
% Change - June 1987	-7.6%	-10.5%	-18.2%	-9.0%	-0.1%
% Change - July 1986	11.3%	10.4%	-1.3%	17.9%	-1.0%
* Included in Other Hardwoods					
FLOORING	(Thousand Feet)				
Oak Flooring (Bd. Ft.)	NA	14,533	NA	16,149	6,182
Maple Flooring (Sq. Ft.)	1,001	1,320	1,449	3,828	1,531
STRUCTURAL PANELS (Sq. Ft.)	2,409,071	2,408,415	2,349,408	786,964	388,000
% Change - June 1987	0.7%	2.4%	-11.3%	3.8%	0.2%
% Change - July 1986	11.2%	10.7%	10.5%	1.0%	5.7%



Source: NFPA



Source: American Plywood Association

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YEAR-TO-DATE INDICATORS

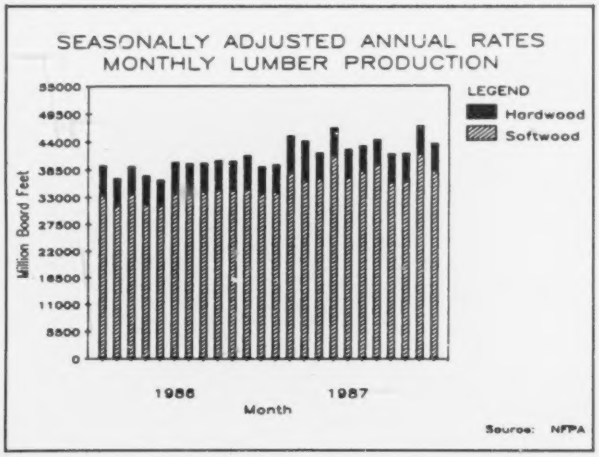
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	7 mo.'87	7 mo.'86	7 mo.'87	7 mo.'86	7 mo.'87	7 mo.'86
	(Million Board Feet)					
TOTAL LUMBER	25,711	8.6%	26,202	9.9%	26,462	10.2%
TOTAL SOFTWOOD	22,546	11.8%	22,661	11.0%	22,857	11.5%
TOTAL HARDWOOD	3,165	-9.5%	3,541	3.0%	3,605	2.6%
	(Million Square Feet)					
STRUCTURAL PANELS	16,224	7.3%	16,145	7.2%	16,286	9.2%

SEASONALLY ADJUSTED ANNUAL RATES

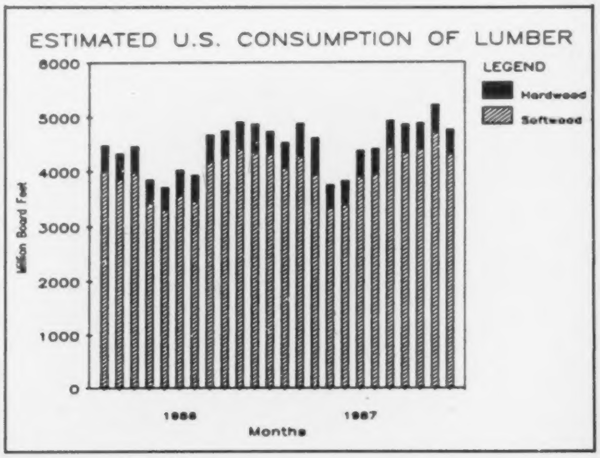
	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	July '87	June '87	July '86	July '87	June '87	July '86
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	12,498	-2.6%	2.4%	12,306	-3.0%	-1.7%
Douglas Fir	10,338	-11.4%	37.8%	10,304	-13.0%	32.4%
Western Pine	11,036	-13.8%	6.4%	11,234	-6.9%	10.1%
Calif. Redwood	2,449	10.4%	17.8%	2,248	2.3%	16.1%
Other Softwoods	1,840	-7.8%	12.3%	1,846	-8.3%	10.7%
TOTAL SOFTWOODS	38,161	-8.1%	12.9%	37,938	-7.0%	11.2%
TOTAL HARDWOODS	5,533	-1.0%	4.2%	5,997	-0.6%	8.4%
TOTAL LUMBER	43,694	-7.2%	11.7%	43,934	-6.2%	10.8%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	July '87	June '87	July '86	7 mo.'87	7 mo.'86
	(Million Board Feet)				
Total Consumption	4,767	-8.8%	0.6%	33,486	4.9%
Softwood Consumption	4,305	-8.7%	-0.1%	30,068	5.4%
Hardwood Consumption	462	-10.3%	7.0%	3,418	1.2%


SEASONALLY ADJUSTED ANNUAL RATES
MONTHLY LUMBER PRODUCTION

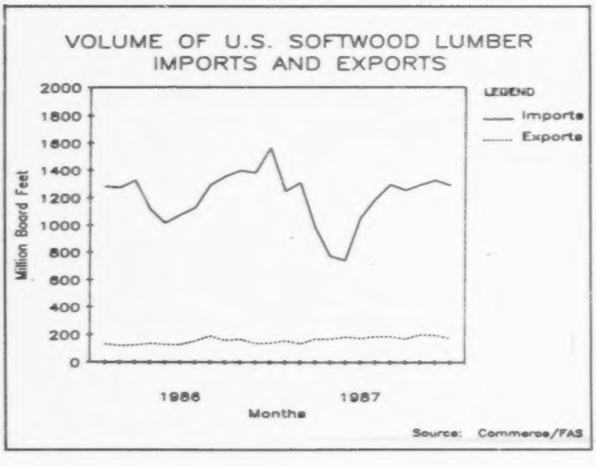
Source: NFPA


ESTIMATED U.S. CONSUMPTION OF LUMBER

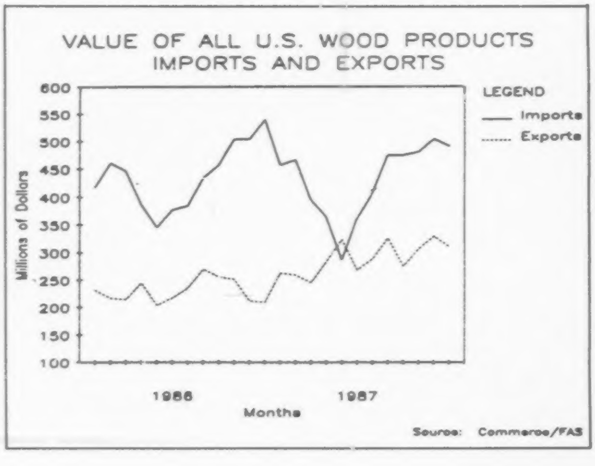
INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		July '87	7 mo. 1987	% Change From June '87	% Change From 7 mo. 1986	July '87	7 mo. 1987	% Change From June '87	% Change From 7 mo. 1986
EXPORTS									
SOFTWOOD LUMBER	MMBF	173.8	1,289.1	-11.5%	20.8%	59,863	458,645	-10.2%	28.8%
To Canada	MMBF	43.9	262.2	1.2%	25.7%	10,360	64,170	-2.0%	21.6%
SOFTWOOD LOGS	MMBF	336.2	2,209.7	-15.0%	16.4%	125,663	770,189	-12.8%	19.4%
SOFTWOOD PLYWOOD	MMSF 3/8"	60.9	465.3	55.3%	39.9%	12,550	102,205	43.4%	39.5%
HARDWOOD LUMBER	MMBF	58.7	379.2	-2.8%	38.7%	38,736	243,806	1.7%	26.8%
HARDWOOD LOGS	MMBF	6.8	92.5	-7.2%	31.5%	6,180	75,833	-9.1%	15.3%
HARDWOOD VENEER	MMSFsurf	78.2	780.1	-40.5%	35.6%	7,204	62,506	-21.2%	46.8%
PARTICLEBOARD	MMSF 3/4"	19.7	131.4	-6.7%	40.8%	4,558	29,295	-10.2%	55.2%
ALL OTHER		NA	NA	NA	NA	53,913	351,507	9.1%	21.9%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	309,899	2,103,080	-5.8%	24.6%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,287.6	8,696.4	-2.9%	-5.4%	277,577	1,773,026	0.9%	-5.4%
From Canada	MMBF	1,276.8	8,619.4	-3.0%	-5.4%	274,480	1,752,111	1.0%	-5.6%
SOFTWOOD LOGS	MMBF	6.6	18.9	76.2%	-26.2%	1,112	5,407	29.3%	90.1%
SOFTWOOD PLYWOOD	MMSF 3/8"	13.2	77.1	-1.1%	-2.9%	4,142	21,027	8.5%	-6.3%
HARDWOOD LUMBER	MMBF	39.4	251.5	-23.9%	18.7%	23,213	134,907	-3.1%	29.0%
HARDWOOD LOGS	MMBF	0.7	9.0	-36.3%	-34.6%	386	1,768	0.8%	-27.1%
HARDWOOD VENEER	MMSFsurf	140.7	1,014.1	-16.0%	6.6%	13,224	80,180	7.2%	16.7%
HARDWOOD PLYWOOD	MMSFsurf	342.3	2,327.3	-2.8%	-0.1%	53,049	333,432	3.4%	13.3%
HARDBOARD	MMSF 1/8"	80.8	497.1	0.9%	-8.6%	6,657	37,125	14.9%	3.3%
PARTICLEBOARD	MSF 3/4"	116.4	797.5	-6.5%	24.4%	11,958	78,936	-1.3%	-5.9%
ALL OTHER		NA	NA	NA	NA	98,665	721,498	-16.2%	10.5%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	490,411	3,190,496	-2.7%	1.5%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.


VOLUME OF U.S. SOFTWOOD LUMBER IMPORTS AND EXPORTS

Source: Commerce/FAS


VALUE OF ALL U.S. WOOD PRODUCTS IMPORTS AND EXPORTS

Source: Commerce/FAS

VALUE OF NEW CONSTRUCTION

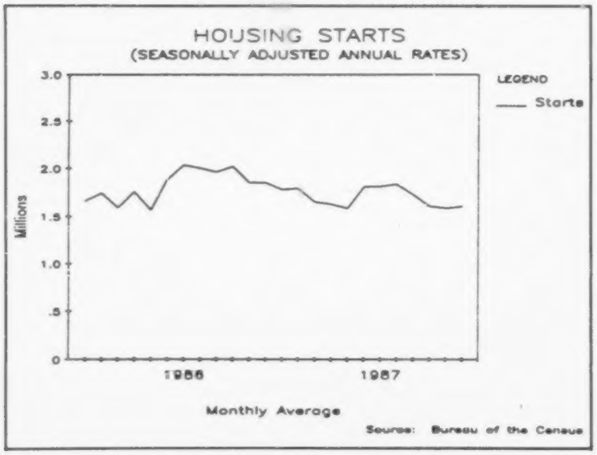
	CURRENT			YEAR-TO-DATE	
	Latest Month Available	---% Change From---		Latest Period Available	% Change From
	July '87	June '87	July '86	7 mo. '87	7 mo. '86
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	36.0	-2.4%	0.0%	192.0	-8.0%
Private	28.8	-3.7%	0.3%	156.5	-8.2%
Residential	18.4	-5.2%	3.4%	96.6	0.4%
Nonresidential & Other	10.4	-1.0%	-4.6%	60.0	-19.2%
Public	7.3	5.8%	0.0%	35.4	-7.1%

HOUSING STARTS

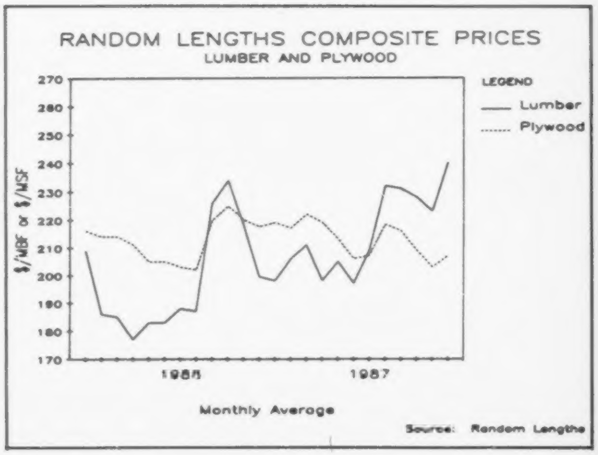
	July '87	June '87	July '86	7 mo. '87	7 mo. '86
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	154.0	-5.6%	-10.6%	879.1	-20.5%
New Private Starts	153.8	-5.6%	-10.6%	878.0	-20.5%
Seas. Adj. Annual Rate	1,606.0	1.3%	-10.1%		
One-Family Housing Starts	112.7	-1.2%	-0.7%	631.4	-11.9%
Proportion of Total	0.7			4.3	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	21,000.0	-2.3%	3.4%	83,800	-42.3%

INDUSTRY EMPLOYMENT

	July '87	----% Change From--- June '87	July '86
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	102,115	0.3%	2.5%
All Manufacturing Industries	19,098	0.4%	0.8%
Lumber and Wood Products	743	1.0%	5.5%
Furniture and Fixtures	519	1.8%	4.4%



Source: Bureau of the Census



Source: Random Lengths

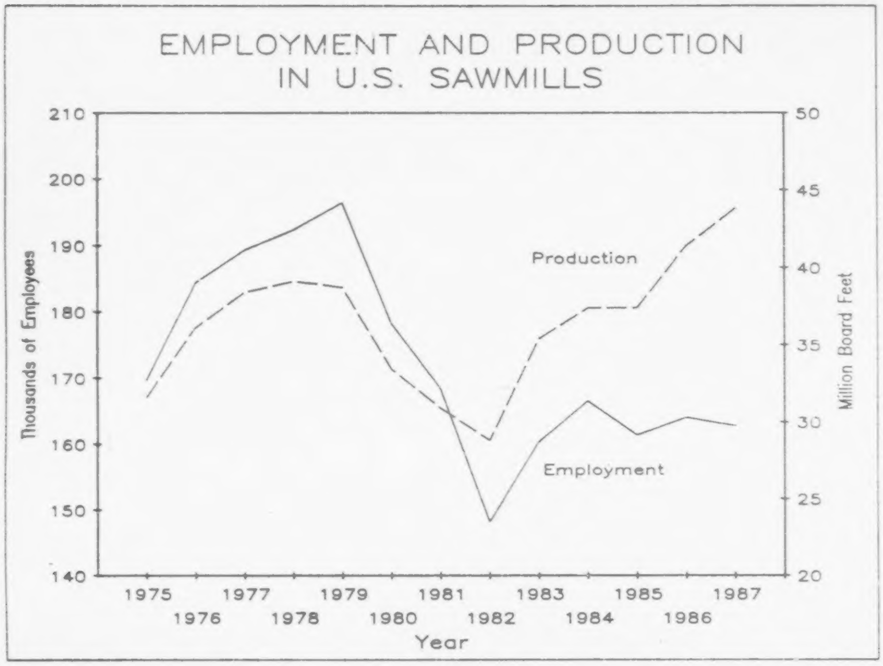
REVISED

ECONOMICS MONTHLY

QUARTERLY STATISTICAL SUPPLEMENT

Issued: September 1, 1987

GRAPHICAL ABSTRACT


EMPLOYMENT AND PRODUCTION IN U.S. SAWMILLS

As is illustrated by the graph, productivity in the U.S. sawmilling industry is way up.

ESTIMATED REGIONAL SOURCES OF DOMESTIC LUMBER CONSUMPTION (Net Imports Allocated)

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
1977	8,774	14,081	11,626	2,026	4,302	40,809	3,158	3,732	6,890	47,699
1978	9,096	15,133	11,559	1,849	5,003	42,640	3,242	3,755	6,997	49,637
1979	9,060	14,248	10,553	1,729	5,018	40,608	3,342	3,597	6,939	47,547
1980	7,757	11,461	8,509	1,563	4,542	33,832	3,028	3,244	6,272	40,104
1981	8,177	10,828	7,760	1,463	3,836	32,064	3,202	2,653	5,855	37,919
1982	8,232	10,381	7,316	1,327	3,917	31,173	2,031	3,066	5,098	36,270
1983	10,233	14,108	8,848	1,558	4,995	39,742	2,121	3,276	5,397	45,138
1984	10,402	15,672	9,606	1,643	5,534	42,857	2,459	3,377	5,836	48,693
1985*										
1ST QUARTER	2,367	3,747	2,017	378	1,310	9,818	631	872	1,503	11,321
2ND QUARTER	2,920	4,462	2,601	488	1,650	12,121	672	939	1,612	13,733
3RD QUARTER	2,700	4,240	2,684	429	1,535	11,590	618	779	1,397	12,986
4TH QUARTER	2,493	3,944	2,446	384	1,448	10,714	613	710	1,323	12,037
TOTAL YEAR	10,480	16,393	9,748	1,679	5,942	44,243	2,534	3,300	5,834	50,077
1986*										
1ST QUARTER	2,768	4,203	2,367	390	1,485	11,213	690	730	1,421	12,634
2ND QUARTER	2,979	4,871	2,842	582	1,745	13,019	657	869	1,526	14,545
3RD QUARTER	2,971	4,544	2,921	513	1,686	12,635	627	898	1,525	14,160
4TH QUARTER	2,666	3,611	2,711	489	1,186	10,663	613	928	1,541	12,204
TOTAL YEAR	11,383	17,230	10,841	1,974	6,102	47,530	2,588	3,425	6,013	53,544
1987*										
1ST QUARTER	2,942	4,495	2,776	496	1,590	12,299	608	806	1,414	13,713
2ND QUARTER	3,215	4,992	2,941	580	1,691	13,419	657	802	1,459	14,878
3RD QUARTER	0	0	0	0	0	0	0	0	0	0
4TH QUARTER	0	0	0	0	0	0	0	0	0	0
TOTAL YEAR	6,157	9,487	5,717	1,076	3,281	25,718	1,265	1,608	2,873	28,590

* SUBJECT TO REVISION

** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHERS.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

ESTIMATED REGIONAL LUMBER PRODUCTION, SHIPMENTS AND NEW ORDERS

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	APPALACHIAN HARDWOOD	OTHER HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
PRODUCTION											
1977	8,879	8,796	10,309	2,000	1,753	31,737	3,073	1,211	2,417	6,701	38,438
1978	9,231	8,845	10,033	1,902	2,046	32,057	3,258	1,233	2,540	7,031	39,088
1979	9,283	8,427	9,780	1,818	2,124	31,432	3,462	1,263	2,589	7,314	38,746
1980	8,217	6,815	7,613	1,589	2,012	26,246	3,341	1,221	2,553	7,115	33,361
1981	8,415	6,270	7,147	1,452	1,392	24,676	3,374	1,237	1,641	6,252	30,928
1982	8,754	5,743	6,681	1,300	1,309	23,787	2,061	602	2,398	5,062	28,849
1983	10,181	7,934	8,488	1,580	1,543	29,726	2,245	785	2,614	5,644	35,370
1984	10,674	8,329	8,992	1,664	1,515	31,174	2,642	985	2,635	6,262	37,436
1985*											
1ST QUARTER	2,471	1,970	2,009	448	353	7,251	635	248	625	1,508	8,759
2ND QUARTER	2,906	2,016	2,405	451	397	8,175	700	279	692	1,671	9,846
3RD QUARTER	2,771	2,039	2,539	445	398	8,192	657	218	620	1,495	9,687
4TH QUARTER	2,582	2,037	2,323	386	375	7,703	635	159	563	1,357	9,060
TOTAL YEAR	10,730	8,062	9,276	1,730	1,523	31,321	2,628	904	2,500	6,031	37,352
1986*											
1ST QUARTER	2,801	2,294	2,328	463	403	8,289	715	141	606	1,462	9,751
2ND QUARTER	3,041	2,393	2,638	531	439	9,042	691	236	656	1,583	10,625
3RD QUARTER	3,010	2,292	2,850	520	443	9,115	658	258	648	1,564	10,679
4TH QUARTER	2,826	2,433	2,666	507	430	8,862	600	265	612	1,477	10,339
TOTAL YEAR	11,678	9,412	10,482	2,021	1,715	35,308	2,664	900	2,522	6,086	41,394
1987*											
1ST QUARTER	2,982	2,695	2,757	543	458	9,435	557	176	518	1,251	10,686
2ND QUARTER	3,227	2,739	2,864	564	479	9,873	636	167	568	1,371	11,244
3RD QUARTER											
4TH QUARTER											
TOTAL YEAR	6,209	5,434	5,621	1,107	937	19,308	1,193	343	1,086	2,622	21,930
SHIPMENTS											
1977	8,932	8,781	10,295	2,075	1,759	31,842	3,114	1,225	2,450	6,789	38,631
1978	9,226	8,906	10,067	1,884	2,051	32,134	3,248	1,230	2,530	7,008	39,142
1979	9,255	8,412	9,696	1,760	2,111	31,234	3,326	1,216	2,487	7,029	38,263
1980	8,018	6,821	7,807	1,590	2,012	26,248	3,119	1,142	2,387	6,648	32,896
1981	8,388	6,270	7,183	1,501	1,395	24,737	3,313	1,182	1,602	6,097	30,834
1982	8,464	5,793	6,775	1,349	1,303	23,684	2,127	634	2,488	5,249	28,935
1983	10,214	7,802	8,264	1,582	1,528	29,390	2,312	829	2,708	5,849	35,239
1984	10,574	8,409	9,014	1,673	1,516	31,186	2,555	940	2,540	6,035	37,221
1985*											
1ST QUARTER	2,404	1,914	1,914	381	338	6,951	633	245	622	1,500	8,451
2ND QUARTER	2,964	2,131	2,441	492	410	8,438	677	266	666	1,609	10,047
3RD QUARTER	2,740	2,003	2,546	433	394	8,116	628	201	588	1,417	9,533
4TH QUARTER	2,536	2,029	2,320	389	371	7,645	631	157	559	1,347	8,992
TOTAL YEAR	10,644	8,077	9,221	1,695	1,513	31,150	2,569	869	2,435	5,873	37,023
1986*											
1ST QUARTER	2,810	2,298	2,287	393	398	8,186	704	138	596	1,438	9,624
2ND QUARTER	3,029	2,537	2,744	584	454	9,348	681	230	645	1,556	10,904
3RD QUARTER	3,011	2,189	2,793	516	435	8,944	666	262	657	1,585	10,529
4TH QUARTER	2,712	2,406	2,658	492	423	8,691	642	287	657	1,586	10,277
TOTAL YEAR	11,562	9,430	10,482	1,985	1,710	35,169	2,693	917	2,555	6,165	41,334
1987*											
1ST QUARTER	3,001	2,638	2,719	499	452	9,309	648	218	612	1,478	10,787
2ND QUARTER	3,269	2,864	2,907	584	491	10,115	690	188	622	1,500	11,615
3RD QUARTER											
4TH QUARTER											
TOTAL YEAR	6,270	5,502	5,626	1,083	943	19,424	1,338	406	1,234	2,978	22,402
NEW ORDERS											
1977	8,970	8,712	10,331	2,119	1,762	31,894	3,163	1,244	2,488	6,895	38,789
1978	9,273	8,894	9,946	1,847	2,043	32,003	3,288	1,239	2,560	7,087	39,090
1979	9,273	8,388	9,630	1,664	2,098	31,053	3,250	1,184	2,429	6,863	37,916
1980	7,964	6,791	7,730	1,563	1,996	26,044	3,060	1,118	2,338	6,516	32,560
1981	8,433	6,200	7,076	1,501	1,387	24,597	3,341	1,198	1,617	6,156	30,753
1982	8,510	5,976	6,880	1,388	1,325	24,079	2,123	650	2,495	5,268	29,335
1983	10,417	7,864	8,350	1,573	1,544	29,748	2,344	834	2,741	5,919	35,667
1984	10,342	8,296	9,011	1,640	1,496	30,785	2,524	944	2,520	5,988	36,773
1985*											
1ST QUARTER	2,358	1,935	1,920	391	338	6,942	659	246	641	1,546	8,488
2ND QUARTER	2,974	2,105	2,528	502	415	8,524	653	258	644	1,555	10,079
3RD QUARTER	2,864	2,012	2,506	394	397	8,173	638	207	598	1,443	9,616
4TH QUARTER	2,567	1,992	2,293	395	370	7,617	624	156	553	1,333	8,950
TOTAL YEAR	10,763	8,044	9,247	1,682	1,520	31,256	2,574	867	2,436	5,877	37,133
1986*											
1ST QUARTER	2,897	2,420	2,408	449	418	8,592	757	146	639	1,542	10,134
2ND QUARTER	2,965	2,331	2,647	551	433	8,927	674	224	636	1,534	10,461
3RD QUARTER	2,972	2,340	2,853	482	441	9,088	664	275	666	1,605	10,693
4TH QUARTER	2,759	2,479	2,592	538	428	8,796	647	290	663	1,600	10,396
TOTAL YEAR	11,593	9,570	10,500	2,020	1,720	35,403	2,742	935	2,604	6,281	41,684
1987*											
1ST QUARTER	3,118	2,753	2,862	476	471	9,680	651	217	615	1,483	11,163
2ND QUARTER	3,447	2,785	2,920	579	497	10,228	720	194	647	1,561	11,789
3RD QUARTER											
4TH QUARTER											
TOTAL YEAR	6,565	5,538	5,782	1,055	968	19,908	1,371	411	1,262	3,044	22,952

* SUBJECT TO REVISION.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING

IMPORTS AND EXPORTS OF LUMBER

IMPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS											
	DOUGLAS FIR	OTHER FIR	HEMLOCK	SPRUCE	PINE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES (SAWED)	TOTAL LUMBER
1977	990.7	299.4	1,219.2	5,361.6	1,795.5	537.7	22.2	154.0	10,380.3	341.1	7.4	10,728.8
1978	976.2	508.9	1,219.8	6,312.9	1,916.9	657.5	41.8	190.6	11,824.6	361.4	12.3	12,198.3
1979	827.3	588.3	912.3	6,740.4	1,182.5	637.8	35.4	193.7	11,117.7	376.2	29.3	11,523.2
1980	559.0	440.8	627.8	6,167.9	1,023.9	543.4	20.7	156.6	9,540.1	293.2	31.3	9,864.6
1981	483.3	534.7	467.0	6,010.7	941.7	574.4	17.0	175.9	9,204.7	291.1	24.9	9,520.7
1982	504.3	460.7	293.9	6,341.2	801.6	539.0	28.8	149.4	9,118.9	211.0	26.2	9,356.0
1983	600.3	708.6	416.7	8,354.4	919.8	664.1	73.5	239.9	11,977.4	260.5	12.5	12,250.4
1984	603.0	765.1	514.9	9,471.4	901.6	704.1	35.0	275.0	13,270.2	327.7	24.2	13,622.2
1985												
1ST QUARTER	154.6	189.1	171.1	2,257.0	165.8	210.2	26.9	66.9	3,241.6	105.9	3.2	3,350.7
2ND QUARTER	205.9	200.0	185.6	2,907.4	237.8	233.3	10.2	89.2	4,069.3	96.1	11.8	4,177.2
3RD QUARTER	247.4	236.0	151.0	2,685.4	215.0	203.7	14.0	89.3	3,841.8	85.3	7.7	3,934.8
4TH QUARTER	157.1	166.8	136.2	2,543.6	198.6	160.7	16.0	76.1	3,455.1	76.3	5.1	3,536.4
TOTAL YEAR	765.1	791.8	643.9	10,393.4	817.2	807.9	67.1	321.5	14,607.8	363.6	27.7	14,999.1
1986												
1ST QUARTER	157.2	166.5	128.4	2571.0	152.3	208.1	27.3	87.2	3498.0	95.6	3.8	3597.4
2ND QUARTER	179.1	238.0	154.9	2957.5	180.3	269.8	30.4	119.1	4129.1	88.9	10.0	4228.0
3RD QUARTER	225.7	254.6	140.1	2967.9	222.3	207.3	18.7	82.2	4118.9	75.8	5.4	4200.1
4TH QUARTER	124.1	108.9	65.0	1892.6	113.7	115.3	26.0	46.4	2492.1	86.6	4.0	2582.7
TOTAL YEAR	686.2	768.0	488.4	10389.1	668.7	800.6	102.4	334.9	14238.2	346.9 *	23.1	14608.2
1987												
1ST QUARTER	117.4	171.1	103.6	2701.1	131.4	184.7	14.5	114.0	3537.8	87.6	3.9	3629.3
2ND QUARTER	197.8	199.7	162.4	2820.9	130.6	226.3	22.4	111.1	3871.0	124.5	9.9	4005.4
3RD QUARTER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4TH QUARTER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL YEAR	315.2	370.8	266.0	5521.9	262.1	411.0	36.9	225.1	7408.8	212.2	13.8	7634.8

EXPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS												
	DOUGLAS FIR	SOUTHERN PINE	PONDEROSA/ WHITE PINE	REDWOOD	HEMLOCK	SPRUCE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES \4 (SAWED)	TOTAL \5 LUMBER
1977	488.3	157.8	195.0	48.1	264.2	150.7	61.3	47.0	----	1,412.4	226.1	19.2	1,657.7
1978	456.9	130.5	136.9	34.3	272.5	135.4	59.2	120.1	23.1	1,368.9	320.1	25.8	1,714.8
1979	505.4	195.1	147.7	30.1	463.7	151.1	56.0	179.4	16.2	1,744.7	306.6	90.5	2,141.8
1980	520.8	261.4	168.1	27.3	511.2	136.4	62.0	248.6	20.2	1,956.0	378.6	128.3	2,462.9
1981	509.0	211.2	223.8	37.7	390.2	141.4	66.9	280.6	16.8	1,877.6	405.7	88.8	2,372.1
1982	457.2	231.8	140.8	22.5	391.7	124.9	40.5	206.0	14.8	1,630.2	356.2	34.4	2,020.8
1983	559.3	208.4	197.3	24.0	376.2	113.9	46.8	207.8	10.8	1,744.5	478.2	47.2	2,269.9
1984	532.1	172.4	174.1	30.1	337.4	98.1	39.2	202.7	13.1	1,599.3	466.5	84.6	2,150.4
1985													
1ST QUARTER	117.5	37.0	37.8	3.4	101.5	21.1	6.3	47.0	2.8	374.4	102.7	3.6	480.7
2ND QUARTER	130.4	44.4	42.1	3.8	83.2	17.2	7.0	55.2	2.8	385.9	97.3	7.7	490.9
3RD QUARTER	113.2	39.5	44.4	3.5	78.2	14.2	6.4	65.5	3.1	368.1	96.3	17.1	481.4
4TH QUARTER	114.4	43.5	43.4	5.0	101.5	8.4	7.8	61.0	1.9	387.0	100.8	4.5	492.3
TOTAL YEAR	475.6	164.4	167.7	15.7	364.4	60.8	27.4	228.7	10.6	1,515.4	397.1	32.9	1,945.3
1986													
1ST QUARTER	135.9	42.2	49.7	2.9	130.1	24.6	6.8	76.2	2.4	470.9	112.0	4.5	587.4
2ND QUARTER	130.1	50.3	54.9	2.1	121.0	23.2	7.8	66.0	2.4	457.9	122.8	6.0	586.7
3RD QUARTER	106.3	40.1	60.8	2.8	115.4	19.0	12.4	66.7	4.1	427.7	135.0	6.1	568.8
4TH QUARTER	140.1	46.1	43.9	3.1	165.5	27.2	11.2	80.4	3.1	520.5	128.5	6.7	655.8
TOTAL YEAR	512.4	178.6	209.4	10.9	532.0	94.0	38.2	289.4	12.0	1,877.0	498.3	23.3	2,398.6
1987													
1ST QUARTER	167.1	58.6	54.7	3.4	142.1	19.0	12.3	88.7	2.2	548.2	148.6	6.9	703.6
2ND QUARTER	168.9	53.9	77.4	4.0	139.5	27.9	14.1	77.8	3.4	567.1	172.0	3.6	742.7
3RD QUARTER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4TH QUARTER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL YEAR	336.0	112.6	132.2	7.4	281.6	46.9	26.5	166.5	5.6	1115.2	320.5	10.5	1446.3

1. Sawed timber, board planks and scantlings, flooring, box shook and railroad ties.
2. Includes siding and softwood lumber drilled or treated. Beginning 1978 includes siding and flooring. For exports, figures not available prior to 1978.
3. Includes hardwood flooring, siding and hardwood lumber drilled or treated.
4. Includes a small amount of hewn railroad ties. Beginning with 1978 includes mine timber.
5. Includes box shook: 1973 - 4.4 mbf; 1974 - 6.1 mbf; 1975 - 4.1 mbf; 1976 - 6.0 mbf; 1977 - 5.8 mbf. Beginning with 1978 box shook is reported in appropriate species.

SOURCE: Foreign Agricultural Service, U.S. Department of Agriculture; Forest Products Division, BIE, U.S. DOC, from data of the Foreign Trade Division,

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

ESTIMATED GROSS LUMBER MILL STOCKS AND UNFILLED ORDERS BY REGION

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
GROSS MILL STOCKS										
DECEMBER 31ST										
1977	1,192	964	1,329	359	265	4,109	412	385	797	4,906
1978	1,197	903	1,295	377	260	4,032	422	398	820	4,852
1979	1,225	918	1,379	435	273	4,230	558	547	1,105	5,335
1980	1,424	912	1,185	434	273	4,228	780	792	1,572	5,800
1981	1,451	912	1,149	385	270	4,167	841	886	1,727	5,894
1982	1,741	862	1,055	336	276	4 70	775	764	1,539	5,809
1983	1,708	994	1,279	334	291	4,606	708	626	1,334	5,940
1984	1,808	914	1,257	325	290	4,594	795	766	1,561	6,155
1985*										
1ST QUARTER	1,875	970	1,352	392	305	4,894	797	772	1,569	6,463
2ND QUARTER	1,817	855	1,316	351	292	4,631	820	811	1,631	6,262
3RD QUARTER	1,848	891	1,309	363	296	4,707	849	860	1,709	6,416
4TH QUARTER	1,894	899	1,312	360	300	4,765	853	866	1,719	6,484
1986*										
1ST QUARTER	1,885	895	1,353	430	305	4,868	864	879	1,743	6,611
2ND QUARTER	1,897	751	1,247	377	290	4,562	874	896	1,770	6,332
3RD QUARTER	1,896	854	1,304	381	298	4,733	866	883	1,749	6,482
4TH QUARTER	2,010	881	1,312	396	305	4,904	824	816	1,640	6,544
1987*										
1ST QUARTER	1,991	1,046	1,376	439	317	5,169	733	702	1,435	6,604
2ND QUARTER	1,949	921	1,333	419	305	4,927	679	627	1,306	6,233
3RD QUARTER										
4TH QUARTER										
ESTIMATED UNFILLED ORDERS										
DECEMBER 31ST										
1977	488	565	590	271	267	2,181	292	214	506	2,687
1978	535	353	469	234	259	2,050	332	253	585	2,635
1979	553	529	403	138	246	1,869	256	163	419	2,288
1980	499	499	326	111	230	1,665	197	90	287	1,952
1981	544	429	219	111	222	1,525	225	121	346	1,871
1982	590	612	324	150	244	1,920	221	144	365	2,285
1983	793	674	410	141	260	2,278	253	182	435	2,713
1984	561	561	407	108	240	1,877	222	166	388	2,449
1985*										
1ST QUARTER	515	582	413	118	240	1,868	248	186	434	2,302
2ND QUARTER	525	556	500	128	245	1,954	224	156	380	2,334
3RD QUARTER	649	565	460	89	248	2,011	234	172	406	2,417
4TH QUARTER	680	528	433	95	247	1,983	227	165	392	2,375
1986*										
1ST QUARTER	766	650	554	151	267	2,388	280	212	492	2,880
2ND QUARTER	702	444	457	118	246	1,967	273	197	470	2,437
3RD QUARTER	663	595	517	84	252	2,111	272	219	491	2,602
4TH QUARTER	710	668	451	130	257	2,216	277	228	505	2,721
1987*										
1ST QUARTER	827	783	595	107	277	2,589	280	232	512	3,100
2ND QUARTER	1,005	704	608	102	283	2,702	310	257	567	3,274
3RD QUARTER										
4TH QUARTER										
UNFILLED ORDERS IN RELATION TO GROSS MILL STOCKS (Unfilled Orders As Percentage of Mill Stocks)										
1977	41%	59%	44%	75%	101%	53%	71%	56%	63%	55%
1978	45%	61%	36%	62%	100%	51%	79%	64%	71%	54%
1979	45%	58%	29%	32%	90%	44%	46%	30%	38%	43%
1980	35%	55%	28%	26%	84%	39%	25%	11%	18%	34%
1981	37%	47%	19%	29%	82%	37%	27%	14%	20%	32%
1982	34%	71%	31%	45%	88%	45%	29%	19%	24%	39%
1983	46%	68%	32%	42%	89%	49%	36%	29%	33%	46%
1984	31%	61%	32%	33%	83%	41%	28%	22%	25%	40%
1985*										
1ST QUARTER	27%	60%	31%	30%	79%	38%	31%	24%	28%	36%
2ND QUARTER	29%	65%	38%	36%	84%	42%	27%	19%	23%	37%
3RD QUARTER	35%	63%	35%	25%	84%	43%	28%	20%	24%	38%
4TH QUARTER	36%	59%	33%	26%	82%	42%	27%	19%	23%	37%
1986*										
1ST QUARTER	41%	73%	41%	35%	88%	49%	32%	24%	28%	44%
2ND QUARTER	37%	59%	37%	31%	85%	43%	31%	22%	27%	38%
3RD QUARTER	35%	70%	40%	22%	85%	45%	31%	25%	28%	40%
4TH QUARTER	35%	76%	34%	33%	84%	45%	34%	28%	31%	42%
1987*										
1ST QUARTER	42%	75%	43%	24%	87%	50%	38%	33%	36%	47%
2ND QUARTER	52%	76%	46%	24%	93%	55%	46%	41%	43%	53%
3RD QUARTER										
4TH QUARTER										

* SUBJECT TO REVISION.

** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHER.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS BECAUSE OF ROUNDING.

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